THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tai United Holdings Limited (the "Company"), you should at once hand this circular and the enclosed proxy form to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to the shareholders of the Company or any other persons to acquire, purchase, or subscribe for securities of the Company.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock code: 718)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AT HK$1.00 PER RIGHTS SHARE; AND (II) NOTICE OF SPECIAL GENERAL MEETING

Financial adviser to the Company

OPTIMA CAPITAL
Optima Capital Limited

Underwriters to the Rights Issue

海通國際 HAITONG

TAI Capital LLC

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

Hercules
Hercules Capital Limited

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 30 of this circular. A letter from Hercules Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 52 of this circular.

The Shares will be dealt in on an ex-rights basis from Thursday, 13 October 2016. Any Shareholder or other person dealing in the Shares from the Latest Practicable Date up to the date on which all conditions of the Rights Issue are fulfilled (which is expected to be at 4:00 p.m. on Tuesday, 11 October 2016), and any dealings in the Rights Shares in their nil-paid form from Wednesday, 26 October 2016 to Friday, 28 October 2016 (both days inclusive), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating dealings in the securities of the Company are recommended to consult their own professional advisers.

The Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure. These certain events are set out in the section headed "Termination of the Underwriting Agreement" on pages 6 to 8 of this circular. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Rights Issue will not proceed.

A notice convening the SGM to be held at 10:00 a.m. on Tuesday, 11 October 2016 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. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case maybe). Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case maybe) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

23 September 2016

CONTENTS

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is subject to change, and any changes will be announced by the Company as and when appropriate.

Event	**2016 (Hong Kong time)**
Expected despatch date of this circular, proxy form and notice of the SGM	Friday, 23 September
Latest time for lodging transfers of Shares to attend and vote at the SGM	4:30 p.m. Wednesday, 5 October
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM	From Thursday, 6 October to Tuesday, 11 October
Latest time for lodging forms of proxy for the SGM	10:00 a.m. on Sunday, 9 October
Expected time and date of the SGM	10:00 a.m. on Tuesday, 11 October
Announcement of the results of the SGM	Tuesday, 11 October
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 12 October
First day of dealings in the Shares on an ex-rights basis	Thursday, 13 October
Latest time for lodging transfers of Shares for the Rights Issue	4:30 p.m. Friday, 14 October
Closure of register of members of the Company for determining entitlements under the Rights Issue (both days inclusive)	From Monday, 17 October to Friday, 21 October
Record Date for determining entitlements to the Rights Issue	Friday, 21 October
Despatch of Prospectus Documents (in the case of the Non-qualifying Shareholders, the Prospectus only for their information)	Monday, 24 October
First day of dealing in the nil-paid Rights Shares	9:00 a.m. on Wednesday, 26 October
Latest time for splitting the nil-paid Rights Shares	4:30 p.m. on Friday, 28 October
Last day of dealing in the nil-paid Rights Shares	4:00 p.m. on Wednesday, 2 November

	2016
Latest Time for Acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 7 November
Latest Time for Termination of the Underwriting Agreement	7:00 p.m. on Thursday, 10 November
Announcement of the results of the Rights Issue	Wednesday, 16 November
Despatch of certificates for the fully-paid Rights Shares	Thursday, 17 November
Despatch of refund cheques for wholly or partly unsuccessful applications for excess Rights Shares or if the Rights Issue is terminated	Thursday, 17 November
Expected first day of dealings in the fully-paid Rights Shares	9:00 a.m. on Friday, 18 November

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for the Rights Shares will not take place as shown if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 7 November 2016. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the next following Business Day which does not have either of those warnings in force at any time between 12:00 noon and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on 7 November 2016, the dates mentioned in the section headed "Expected timetable" above may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

Unless the context otherwise requires, terms used in this circular shall have the following respective meanings:

"Announcement"	the announcement of the Company dated 2 September 2016 in relation to, among other things, the Rights Issue
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of 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
"BVI"	British Virgin Islands
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	the date falling on the third Business Day after the Latest Time for Acceptance or such later date the Company and the Underwriters may agree in writing
"Company"	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 718)
"Completion"	completion of the Rights Issue
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EAF(s)"	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
"Easy Winning"	Easy Winning International Limited (怡峰國際有限公司), a company incorporated under the laws of Hong Kong
"Enlarged Group"	the Group as enlarged by the Hui Kai Acquisition, the Hua Lien Acquisition and the London Property Acquisition

"Facilities"	two unsecured and revolving loan facilities of up to HK$1,000 million and HK$2,000 million granted by Tai He to the Company, details of which were disclosed in the Company's announcements dated 3 March 2016 and 5 May 2016, respectively
"Group"	the Company and its subsidiaries
"Haitong"	Haitong International Securities Company Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities under the SFO
"Hercules Capital" or "Independent Financial Adviser"	Hercules Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hua Lien Acquisition"	the subscription of 3,700,000,000 shares of Hua Lien International (Holding) Company Limited, which represents 55.30% of the enlarged share capital of Hua Lien International (Holding) Company Limited, by a subsidiary of the Company pursuant to the subscription agreement dated 18 July 2016
"Hui Kai Acquisition"	the proposed acquisition of entire equity interest in Hui Kai Futures, Hui Kai Asset Management, Easy Winning and Hui Kai Securities by the Company pursuant to the agreement dated 18 January 2016
"Hui Kai Asset Management"	Hui Kai Asset Management Limited (滙凱資產管理有限公司), a company incorporated under the laws of Hong Kong
"Hui Kai Futures"	Hui Kai Future Limited (滙凱期貨有限公司), a company incorporated under the laws of Hong Kong
"Hui Kai Securities"	Hui Kai Securities Limited (滙凱證券有限公司), a company incorporated under the laws of Hong Kong
"Independent Board Committee"	the independent committee of the Board, comprising all three independent non-executive Directors, namely Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan, established to give a recommendation to the Independent Shareholders in respect of the Rights Issue and the Underwriting Agreement

"Independent Shareholder(s)"	any Shareholder(s) who are not required to abstain from voting at the SGM under the Listing Rules
"Irrevocable Undertaking"	the irrevocable undertaking given by Tai He in favour of the Company and the Underwriters pursuant to the Underwriting Agreement
"Last Trading Day"	1 September 2016, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement
"Latest Acceptance Date"	7 November 2016, being the last day for the acceptance of and payment for the Rights Shares, or such other date as the Company may determine and notify to the Underwriters in writing
"Latest Practicable Date"	22 September 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
"Latest Time for Acceptance"	4:00 p.m. on the Latest Acceptance Date
"Latest Time for Termination"	4:00 p.m. on the Closing Date or such later date as the Company and the Underwriters may agree in writing
"Listing Committee"	has the same meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"London Property Acquisition"	the possible acquisition of the entire equity interest in the target companies which beneficially hold 100% interest in certain midsized luxury residential properties in the central district of London, details of which were set out in the announcement of the Company dated 12 August 2016
"Long Stop Date"	5:00 p.m. on 30 November 2016, or such later date as the Underwriters may agree in writing
"Mr. Chua"	Mr. Chua Hwa Por
"Non-qualifying Shareholder(s)"	the Overseas Shareholder(s) whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from the Rights Issue
"Overseas Shareholder(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at 5:00 p.m. on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong

"PAL(s)"	the provisional allotment letter in respect of the Rights Issue
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus to be issued by the Company in relation to the Rights Issue
"Prospectus Date"	24 October 2016, or such other date as the Company may determine and notify the Underwriters in writing for the despatch of the Prospectus Documents
"Prospectus Documents"	the Prospectus, the PAL and the EAF to be issued by the Company
"Qualifying Shareholders"	the Shareholders whose names appear on the register of members of the Company as at 5:00 p.m. on the Record Date, other than the Non-qualifying Shareholders
"Record Date"	21 October 2016, being the record date to determine entitlements to the Rights Issue, or such later date as the Company may determine and notify the Underwriters in writing
"Registrar"	Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
"Rights Issue"	the proposed issue of 3,002,184,872 Rights Shares to the Qualifying Shareholders at the Subscription Price on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date payable in full on acceptance
"Rights Share(s)"	the new Share(s) to be allotted and issued in respect of the Rights Issue
"Set-Off"	the set-off of the outstanding loan amount of the Facilities owing by the Company to Tai He against the Subscription Price payable by Tai He to the Company upon acceptance of the Rights Shares by way of its PALs
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"SGM"	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve the Rights Issue and ancillary matters
"Share(s)"	ordinary share(s) of the Company of HK$0.05 each
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$1.00 per Rights Share
"TAI Capital"	TAI Capital LLC, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of which is Mr. Chua
"Tai He"	Tai He Financial Group Limited, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of which is Mr. Chua
"Underwriters"	Haitong and TAI Capital
"Underwriting Agreement"	the underwriting agreement dated 1 September 2016 and entered into between the Company and the Underwriters in relation to the Rights Issue
"Underwritten Shares"	up to a total of 1,258,898,724 Rights Shares to be underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreement
"Untaken Shares"	any of the Rights Shares not taken up by the Qualifying Shareholders under the Rights Issue
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent

The Underwriters may terminate the Underwriting Agreement by notice in writing to the Company, served prior to the Latest Time for Termination, 7:00 p.m. (Hong Kong time) on Thursday, 10 November 2016 (being the third Business Day following (but excluding) the Latest Time for Acceptance), or such later time and date as may be agreed between the Underwriters and the Company if, prior to the Latest Time for Termination:

(i) any material breach of any of the representations and warranties of the Company or the undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement; or

(ii) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the representations and warranties of the Company are deemed to be given pursuant to the Underwriting Agreement would have rendered any of those representations and warranties untrue, incorrect or misleading in any material respect; or

(iii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or

(iv) the Company is required to issue a supplemental Prospectus and in the reasonable opinion of Haitong (for itself and on behalf of the Underwriters) the disclosure in the supplemental Prospectus may have material adverse effect on the consummation of the Rights Issue or may render the Rights Issue inappropriate or unwise; or

(v) there is any material adverse change or prospective material adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the reasonable opinion of Haitong (for itself and on behalf of the Underwriters), is or may be materially adverse in the context of the Rights Issue; or

(vi) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or

(vii) any expert, who has given advice which is contained in the Prospectus, has withdrawn its respective consent to the issue of the Prospectus with the inclusion of its reports, letters, opinions or advice and references to its name included in the form and context in which it respectively appears prior to the issue of the Prospectus; or

(viii) the Company withdraws the Prospectus; or

(ix) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):

(a) any change (whether or not permanent) in the local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong, European Union (or any of its members) or the United States; or

(b) any event force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis), in or affecting the PRC, Hong Kong, European Union (or any of its members) or the United States; or

(c) the declaration of a banking moratorium by PRC, Hong Kong, European Union (or any of its members) or United States authorities occurring due to exceptional financial circumstances or otherwise; or

(d) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq or any major disruption of any securities settlement or clearing services in the above jurisdictions; or

(e) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is temporary or routine in nature for not more than three trading days); or

(f) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on business, or

(g) any change or development occurs involving a prospective change in taxation in Hong Kong, the PRC or any other jurisdiction(s) to which any member of the Group is subject or the implementation of any exchange controls; or

(h) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group; or

(i) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the PRC or any other jurisdiction(s) relevant to the Company and its subsidiary; or

(j) any governmental or regulatory commission, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal in any relevant jurisdiction commencing any investigation, or formally announcing to investigate or take other legal action, against the Group or any of the Directors in respect of any matter related to the Group's business, which investigation has or would have material adverse effect on the traded price of the Shares or the Group (taken as a whole); or

(k) order or petition for the winding up of any members of the Group or any composition or arrangement made by any members of the Group with its creditors or a scheme of arrangement entered into by any members of the Group or any resolution for the winding up of any members of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of the Group or anything analogous thereto occurring in respect of any members of the Group;

the effect of which events or circumstances referred above, individually or in the aggregate (in the reasonable opinion of Haitong (for itself and on behalf of the Underwriters)): (1) is or will likely be materially adverse to the Group (taken as a whole), or materially and prejudicially affects or would materially and prejudicially affect, the Group (taken as a whole) or the Rights Issue; or (2) makes or will likely make it inadvisable or inexpedient to proceed with the Rights Issue, or (3) will make or is likely to make the Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof,

then in any such case Haitong (for itself and on behalf of the Underwriters) may by notice in writing to the Company, served prior to the Latest Time for Termination, rescind or terminate the Underwriting Agreement.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 718)

Executive Directors
Dr. Meng Zhaoyi *(Chairman and Chief Executive Officer)*
Dr. Liu Hua
Mr. Hu Yebi
Mr. Chen Weisong
Mr. Xu Ke

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

23 September 2016

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AT HK$1.00 PER RIGHTS SHARE; AND (II) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement whereby the Board announced that the Company proposed to raise approximately HK$3,002 million (before expenses) by way of the Rights Issue. The Company will allot and issue 3,002,184,872 Rights Shares at the Subscription Price of HK$1.00 per Rights Share on the basis of two Rights Shares for every one existing Share held on the Record Date. The estimated net proceeds from the Rights Issue (after deducting the estimated expenses) will be approximately HK$2,988 million. The net Subscription Price per Rights Share after deducting the related expenses of the Rights Issue (disregarding the Set-Off) is expected to be approximately HK$0.99. The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriters on the terms and subject to the conditions as set out in the Underwriting Agreement. The Rights Issue is only available to the Qualifying Shareholders. The Rights Issue is subject to, among other things, the approval from the Independent Shareholders at the SGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter of advice from Hercules Capital to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; (iv) financial information and other general information of the Group; and (v) the notice of SGM, at which the ordinary resolutions will be proposed to consider and, if thought fit, approve, among other things, the Rights Issue together with the transactions contemplated thereunder.

THE RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue:	:	Two (2) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date
The Subscription Price:	:	HK$1.00 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,501,092,436 Shares
Number of the Rights Shares:	:	3,002,184,872 Rights Shares
Number of the Shares as enlarged upon Completion	:	4,503,277,308 Shares
Aggregate nominal value of the Rights Shares:	:	HK$150,109,243.6

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares. Assuming no new Shares are issued or repurchased on or before the Record Date, the 3,002,184,872 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 200% of the existing number of issued Shares as at the Latest Practicable Date and approximately 66.67% of the number of issued Shares as enlarged immediately upon Completion.

The Subscription Price

The subscription price of HK$1.00 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 9.09% to the closing price of HK$1.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 4.76% to the closing price of HK$1.050 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 4.21% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK$1.044;

(iv) a discount of approximately 4.85% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK$1.051;

(v) a discount of approximately 3.18% to the theoretical ex-rights price of approximately HK$1.017 per Share based on the closing price of HK$1.05 per Share as quoted on the Stock Exchange and the existing total number of issued Shares on the Last Trading Day; and

(vi) a premium of approximately 74.83% over the audited consolidated net asset value per Share of approximately HK$0.572 based on the audited consolidated net asset value of the Company and the number of issued Shares as at 31 March 2016.

The Subscription Price was determined as HK$1.00 by the Company and the Underwriters by reference to (i) the necessary capital required for the development of the Group's business of approximately HK$2,988 million; (ii) the Directors' intention to set a subscription price which can avoid significant and undue dilutive impact on the existing Shareholders' interest in the Company; and (iii) the relevant risk exposures assumed by each of the Underwriters.

Given (i) each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date; (ii) the Subscription Price has been set at a discount to the recent closing prices of the Shares with a view to encouraging existing Shareholders to participate in the potential growth of the Company; and (iii) the proceeds fulfilled the funding needs of the Group's coming business development, the Directors (excluding the independent non-executive Directors whose views are set out in the "Letter from the Independent Board Committee" in this circular) consider the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement. The conditions to the Underwriting Agreement are set out in the paragraph headed "Conditions of the Underwriting Agreement" under the section headed "Underwriting Arrangement" below.

The Set-Off

As disclosed in the announcements of the Company dated 3 March 2016 and 5 May 2016, Tai He granted the Company the Facilities of up to a total of HK$3,000 million. Each drawdown under the Facilities carries interest at 4.5% per annum and is repayable within 18 calendar months since the date of the drawdown. As at 30 June 2016, the outstanding loan amount of the Facilities was approximately HK$1,210 million, which was drawn down from March to June 2016. HK$660 million was drawn down for the acquisitions of distressed assets of the Group, some of which that constitute a notifiable transaction were announced by the Company on 12 April 2016 and 5 May 2016; whilst HK$550 million was used for the Group's securities trading business. The outstanding loan amount of the Facilities is expected to increase to approximately HK$2,402 million due to the additional loan amount to be drawn down to finance the Hua Lien Acquisition of approximately HK$592 million and the London Property Acquisition of approximately HK$600 million.

As at the Latest Practicable Date, Tai He held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. The provisional entitlement to be allotted to Tai He would be 1,743,286,148 Rights Shares. Pursuant to the Underwriting Agreement, the total Subscription Price of HK$1,743,286,148 payable by Tai He will be set off by the then outstanding loan amount of the Facilities.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Acceptance Date.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the existing Shares then in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) or indemnities thereof) must be lodged with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:30 p.m. on 14 October 2016. It is expected that the last day of dealings in the Shares on a cum-rights basis is 12 October 2016 and the Shares will be dealt with on an ex-rights basis from 13 October 2016.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Date.

Rights of the Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Latest Practicable Date, there was only one Overseas Shareholder with registered address situated in London, United Kingdom. The Overseas Shareholders represents less than 1.0% of the total issued Shares as at the Latest Practicable Date. Pursuant to Rule 13.36(2)(a) of the Listing Rules (including notes 1 and 2 thereto), the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to issue the Rights Shares to the Overseas Shareholder on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to the Overseas Shareholders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on Monday, 24 October 2016. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but no Application Form will be sent to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of HK$100 or more will be paid pro rata (but rounded down to the nearest cent) to the relevant Non-qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK$100 for its own benefit.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit.

Application for the excess Rights Shares

Qualifying Shareholders shall be entitled to apply for (i) the Rights Shares representing the entitlement of the Non-qualifying Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. Application may be made by completing the EAF for the excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

(i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and

(ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for completion of the relevant registration by 4:30 p.m. (Hong Kong time) on 14 October 2016.

Closure of register of members

The register of members of the Company will be closed from 6 October 2016 to 11 October 2016 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will be closed from 17 October 2016 to 21 October 2016 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid Rights Shares are expected to be traded in board lots of 5,000 (as the Shares are currently traded on the Stock Exchange in board lots of 5,000). No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before 17 November 2016 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The Irrevocable Undertaking

Tai He irrevocably undertakes to the Company and to the Underwriters to accept or procure the acceptance of 1,743,286,148 Rights Shares to be provisionally allotted to Tai He (or its nominee) in respect of the 871,643,074 Shares which are registered in the name of Tai He (and which Tai He undertakes to the Company and to the Underwriters will remain registered in the same name as at 5:00 p.m. on the Record Date). Tai He shall procure that all its PALs shall be lodged with the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance or such later date as agreed between Tai He and Haitong (for itself and on behalf of the Underwriters).

The total Subscription Price payable by Tai He will be subject to the Set-Off as set out in the sub-section headed "The Set-Off" above.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date : 1 September 2016 (after trading hours)

Parties :

(i) the Company;

(ii) Tai He, the controlling shareholder of the Company, the sole shareholder of which is Mr. Chua; and

(iii) the Underwriters:

a) TAI Capital, a company incorporated in the Cayman Islands with limited liability, the sole shareholder of which is Mr. Chua. TAI Capital is an investment holding company and is not engaged in the business of underwriting; and

b) Haitong.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Haitong and its ultimate holding company are third parties independent of the Company and its connected persons.

Number of Underwritten Shares : The Underwriters have conditionally agreed to underwrite up to 1,258,898,741 Rights Shares, being the total number of the Rights Shares under the Rights Issue excluding 1,743,286,148 Rights Shares to be subscribed by Tai He under the paragraph headed "The Irrevocable Undertaking" above. The Rights Issue is therefore fully underwritten.

The Underwriters will subscribe or procure subscribers for the Untaken Shares on the following basis:

(i) TAI Capital shall subscribe for up to 711,703,759 Untaken Shares on the terms of the Prospectus Documents (so far as the same are applicable); and

(ii) Haitong shall subscribe or procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for the remaining Untaken Shares up to 547,194,965 Rights Shares.

Underwriting Commission : 2% of a sum equal to the Subscription Price multiplied by the number of Rights Shares underwritten by Haitong is payable to Haitong as commission, representing an amount up to approximately HK$11.0 million. TAI Capital shall not be entitled to any commission.

The commission rate of 2% was determined after arm's length negotiation between the Company and Haitong by reference to, among other things, the size of the Rights Issue, the current market condition and the prevailing market rate for the underwriting commission of comparable transactions. The Directors (excluding the independent non-executive Directors whose views are set out in the "Letter from Independent Board Committee" of this circular) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

The Company has approached three financial institutions (including Haitong) who are independent of the Company and its connected persons for the Rights Issue, but only received positive feedback from Haitong, which indicated that it did not prefer to act as the sole underwriter or underwriter with priority to underwrite the Untaken Shares. Accordingly, the Company invited TAI Capital to be the priority underwriter for the Rights Issue.

As at the Latest Practicable Date, TAI Capital and its associates held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. Haitong did not hold any Share as at the Latest Practicable Date. The Directors consider that having TAI Capital as the underwriter with priority to underwrite the Untaken Shares would signify a strong support to the Group from the controlling Shareholder and its confidence in the prospects of the Group's development. This would in turn encourage the Independent Shareholders to participate in the potential development of the Company by way of the Rights Issue.

The Subscription Price was determined as HK$1.00 by the Company and the Underwriters by reference to (i) the necessary capital required for the development of the Group's business of approximately HK$2,988 million; (ii) the Directors' intention to set a subscription price which can avoid significant and undue dilutive impact on the existing Shareholders' interest in the Company; and (iii) the relevant risk exposures assumed by each of the Underwriters. The ratio of the Rights Issue was derived from the funding needs of the Group and the agreed Subscription Price. Having agreed to the Subscription Price and the ratio of the Rights Issue, TAI Capital and Haitong, after arm's length negotiation, also agreed to allocate the underwriting commitment on a roughly 50:50 basis. TAI Capital will take up approximately 56% of the untaken Rights Shares (i.e. 711,703,759 Shares) while Haitong will take up approximately 44% of the untaken Rights Shares (i.e. 547,194,965 Shares).

Conditions of the Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement are conditional upon:

(i) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) having been granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;

(ii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong prior to the Prospectus Date of each of the Prospectus Documents and (where necessary) other documents in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Listing Rules;

(iii) the despatch on the Prospectus Date of copies of the Prospectus Documents to the Qualifying Shareholders;

(iv) all relevant consents and approvals having been obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue, including but not limited to the approval of the Prospectus by the Stock Exchange;

(v) compliance by the Company with all its obligations under the Underwriting Agreement having taken place by the times specified;

(vi) compliance by Tai He with all its obligations under the Underwriting Agreement having taken place by the times specified;

(vii) receipt by Haitong (for itself and on behalf of the Underwriters) (in a form and substance reasonably satisfactory to it) of all relevant documents to be provided by the Company by the times and dates specified in the Underwriting Agreement;

(viii) (a) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days (or such longer period as the Company and Haitong (for itself and on behalf of the Underwriters) may agree); and (b) no indication being received before 4:00 p.m. on the date of the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;

(ix) the approval by the Board on the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder;

(x) the approval by Shareholders (or, as the case may be, the independent shareholders of the Company who are allowed to vote and are not required to abstain from voting) at a special general meeting of the Company on the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder;

(xi) after the date of the Underwriting Agreement and up to and at the Closing Date, there have not occurred any material adverse change in the financial or business condition, results of operations or general affairs of the Company and the Group taken as a whole;

(xii) all the warranties made by the Company in the Underwriting Agreement remaining true and correct in all material respects when made, and as of the Closing Date with the same force and effect as if they had been made on and as of such date; and

(xiii) no material breach of any of the representations and warranties of the Company as set out in the Underwriting Agreement having come to the knowledge of any of the Underwriters by the Latest Time for Termination.

Haitong (for itself and on behalf of the Underwriters) has the sole discretion to waive any of the conditions in (v) to (ix) and (xi) to (xiii) above. If (a) any of the conditions shall not have been fulfilled or waived in accordance with the terms of the Underwriting Agreement by the specified time and date; or (b) the Latest Time for Termination occurs, or will occur, after the Long Stop Date, the Underwriting Agreement shall terminate and none of the parties to the Underwriting Agreement shall have any claim against any other parties (other than for antecedent breaches) for costs, damages compensation or otherwise provided that, among other things, the Company shall remain liable to pay the Underwriters' reasonable costs, fees and expenses in accordance with the Underwriting Agreement.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDING IN THE COMPANY

Shareholders/directors	**As at the Latest Practicable Date**		**Immediately upon Completion (assuming no shareholders (except Tai He) subscribed for the Rights Shares)**	
	Number of Shares	*%*	*Number of Shares*	*%*
Dr. Liu Hua	50,000,000	3.33%	50,000,000	1.11%
Mr. Sang Kangqiao	825,000	0.05%	825,000	0.02%
Tai He	871,643,074	58.07%	2,614,929,222	58.07%
TAI Capital	–	–	711,703,759	15.80%
Sub-total	922,468,074	61.45%	3,377,457,981	75.00%
Existing public shareholders	578,624,362	38.55%	578,624,362	12.85%
Haitong and/or subscribers to be procured by it *(Note)*	–	–	547,194,965	12.15%
Public shareholders	578,624,362	38.55%	1,125,819,327	25.00%
Total	1,501,092,436	100.00%	4,503,277,308	100.00%

Note: Haitong undertakes that no subscriber procured by it to take up the Untaken Shares will be a connected person of the Company or will become interested in 10% or more of the enlarged issued share capital of the Company upon Completion.

BUSINESS REVIEW OF THE GROUP

As at the Latest Practicable Date, the Group was principally engaged in (i) trading of commodities, securities and medical equipment; (ii) distressed assets investment and management; (iii) mining of tungsten in Mongolia.

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 which are characterised by shorter trading cycle and larger transaction volume, and in distressed asset investments which will offer medium term up side gain in investment through unlocking the value of the collaterals attaching to the distressed assets. Set out below are the background facts and circumstances of the Company's business, operation and financial position:

Trading business

Commodities

For the year ended 31 March 2016, revenue generated from the trading of commodities amounted to approximately HK$1,036 million, representing approximately 92.4% of the Group's total revenue of the year, and the total transaction amount completed was approximately HK$2,148 million. For the three months ended 30 June 2016, the total transaction amount of the commodities trading completed by the Group is estimated to be approximately HK$906 million, and the average transaction amount of each trade was approximately HK$81 million.

Securities

The Company mainly carries out short-term investments in prime stocks with large market capitalisation and listed on the Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange. 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 June 2016, the financial assets held by the Group for trading amounted to approximately HK$910 million.

Medical equipment

The medical equipment trading sector picks up steadily since commencement of business in October 2015. For the year ended 31 March 2016, revenue generated from the trading of medical equipment amounted to approximately HK$12.9 million, increasing from approximately HK$6.7 million for the year ended 31 March 2015.

Distressed assets investment and management

The Group actively bids for acquisition of distressed bank loan portfolio with quality property collaterals through public tenders in the PRC, with a view to realizing the potential upside of the investments by realization of the underlying collaterals. As at 30 June 2016, the book value of the distressed loan investment portfolio held by the Group amounted to approximately RMB348 million (equivalent to approximately HK$417.6 million), with a portfolio of residential, industrial and commercial buildings and land use rights as collaterals located in the Zhejiang Province.

On 12 August 2016, the Group completed an acquisition through public tender from Zheyue Asset Management Company Limited ("**Zheyue**") of a distressed loan portfolio with residential, industrial and commercial properties located in Zhejiang Province as collaterals at a bidding price of approximately RMB170 million (equivalent to approximately HK$204 million), of which approximately RMB90 million (equivalent to approximately HK$108 million) has been paid by the Company as at the Latest Practicable Date, and the remaining RMB80 million (equivalent to approximately HK$96 million) is payable within 12 months of the date of bidding. Zheyue is a third party independent of the Company and the connected persons of the Company.

On 12 August 2016, the Company has also entered into a cooperation agreement with Zheyue to lay down the framework for their cooperation in respect of sharing of market intelligence, valuation and due diligence results of target assets, and bidding of distressed assets of investment amount of up to RMB500 million (equivalent to approximately HK$600 million) by the end of 2016.

Mining of tungsten in Mongolia

The Group has engaged a mining professional to prepare an updated feasibility study report for the tungsten mines. The Directors are actively exploring the optimal way to commence the production of the mines. The Directors expect that the exploitation of the mines will take place no later than the end of 2018.

Other business development

Hui Kai Acquisition

In January 2016, the Company entered into an agreement to acquire the entire equity interest in (i) Hui Kai Futures which is principally engaged in trading and brokerage of futures contracts with type 2 licence under the SFO; (ii) Hui Kai Asset Management, which is principally engaged in asset management with type 9 licence under the SFO; and (iii) Easy Winning, which is principally engaged in money lending business, for an aggregate consideration of up to HK$56 million (with HK$10 million paid upon signing of the agreement and HK$5 million paid upon signing of a supplemental agreement on 23 May 2016). The Company was also granted an option to further acquire the entire equity interest in Hui Kai Holdings Limited which through Hui Kai Securities is principally engaged in brokerage of securities and margin financing with type 1 licence under the SFO for a consideration up to HK$120 million.

On 9 March 2016, the Company has submitted an application to the SFC for the approval of the change in substantial shareholder of Hui Kai Futures, Hui Kai Asset Management and Hui Kai Securities (the "**SFC Approval**"). Upon the receipt of the SFC Approval, the Company will serve the notice of exercise of the option to acquire Hui Kai Securities. It is expected that acquisition of Hui Kai Holdings Limited will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Completion of the Hui Kai Acquisition will take place once the SFC Approval has been obtained.

Hua Lien Acquisition

In July 2016, the Company entered into an agreement with 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. The Group intends to settle the total subscription monies of approximately HK$592 million by way of the Facilities. Details of the Hua Lien Acquisition are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016.

The Hua Lien Acquisition, which constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, will be completed upon, among other things, approval of a whitewash waiver by the SFC and requisite listing approval in respect of the new shares in Hua Lien by the Stock Exchange. Compliance with relevant disclosure and approval requirements under the Listing Rules and the Code on Takeovers and Mergers will be made by the Company and Hua Lien respectively. Tai He will vote for the Hua Lien Acquisition at the special general meeting of the Company to be convened to approve the transaction. It is currently expected that the circular of the Company in respect of Hua Lien Acquisition will be despatched to the shareholders of the Company on or before 30 September 2016, and the completion of the Hua Lien Acquisition will take place by the end of October 2016.

London Property Acquisition

On 12 August 2016, the Company entered into an exclusivity agreement with the potential vendors which are independent of the Company and are held by a European real estate fund and a reputable charitable foundation established in the United Kingdom. Pursuant to the exclusivity agreement, the Company may commence due diligence review on the target companies which beneficially hold 100% interest in certain midsized luxury residential properties in the central district of London within the exclusivity period up to 16 September 2016.

As additional time is required for negotiation of terms, on 14 September 2016, the parties to the exclusivity agreement agreed to extend the exclusivity period to 23 September 2016. The consideration for the London Property Acquisition is expected to be at or about HK$1,200 million. The Company has paid HK$120 million to the potential vendors as at the Latest Practicable Date as part of the refundable deposit. The London Property Acquisition will be financed by the Facilities.

The Directors consider that the recent referendum result on BREXIT and the recent depreciation of British Pound Sterling provide the Company with opportunity to acquire quality assets in the United Kingdom at attractive price. The Directors are optimistic about the prospect of the property market in London and believe that the Properties, which are located in the prime central district of London, are able to withstand the short term volatility of the property market.

Unless there is material adversity in the results of the due diligence being conducted by the Company on the target companies, the Company will proceed with the London Property Acquisition.

The London Property Acquisition is expected to constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and shareholders' approval under Chapter 14 of the Listing Rules. The Company will request for a written approval from Tai He, the controlling shareholder of the Company which holds approximately 58.07% of the existing issued share capital of the Company, in lieu of seeking Shareholders' approval by way of a general meeting pursuant to Rule 14.44 of the Listing Rules.

REASONS FOR THE RIGHTS ISSUE

Pursuant to the terms of the Facilities, each drawdown thereunder carries interest at 4.5% per annum and would be due for repayment in full 18 calendar months after the drawdown. As the Hua Lien Acquisition and the London Property Acquisition are expected to be financed by the Facilities, it is expected that the total outstanding loan amount of the Facilities as a result thereof would amount to approximately HK$2,402 million, which will incur an annualized finance cost of approximately HK$108 million.

The Directors consider that the Group's business would be best financed by equity rather than short-term debts that will adversely affect the net profit margin of the Group. Accordingly, the Directors consider that it will be in the interests of the Company and the Shareholders as a whole to conduct an equity fundraising by way of the Rights Issue with a view to alleviating the impact on the Company's cash flow position upon repayment of the loan and reducing the gearing ratio of the Group from approximately 83% to approximately 32%. The Rights Issue can strengthen the financial position of the Group for future development and provide all Qualifying Shareholders with the opportunity to maintain their respective pro rata shareholding interests in the Company and participate in the potential development of the Group.

PROPOSED USE OF PROCEEDS

As at 31 August 2016, the unaudited consolidated cash and cash equivalents of the Group amounted to approximately HK$322 million. The gross proceeds from the Rights Issue are expected to be approximately HK$3,002 million. After deducting related expenses of approximately HK$14 million, the net proceeds are estimated to be approximately HK$2,988 million. The net Subscription Price per Rights Share calculated based thereon (disregarding the Set-Off) is expected to be approximately HK$0.99.

Assuming the Hua Lien Acquisition and the London Property Acquisition were completed before the Completion, the expected funding needs of the Company for the next 12 months would be HK$1,192 million in addition to HK$586 millions set aside for the distressed assets investment as detailed below. As the Hua Lien Acquisition and the London Property Acquisition are to be financed by additional drawdown of the Facilities of approximately HK$1,192 million, the total outstanding loan amount of the Facilities is expected to be HK$2,402 million, which will be used to set-off the total subscription price payable by Tai He (i.e. HK$1,743 million) under The Right Issue. In this case, the net cash proceeds of the Rights Issue (after the Set-Off) is expected to be approximately HK$1,245 million. The Company intends to use it in the following way:

(i) as to approximately HK$659 million to be applied to the repayment of the outstanding loan amount of the Facilities; and

(ii) as to approximately HK$586 million to be applied to the development of the distressed assets investment business through acquisition of further distressed assets, of which HK$96 million will be reserved for the payment of the remaining consideration of the distressed assets acquired on 12 August 2016 as mentioned in section headed "Business review of the Group", whist the remaining amount of HK$490 million is intended to be used for 2 to 3 acquisition of acquire 2 to 3 distressed assets with bidding price ranging from HK$100 million to HK$300 million should the opportunities arise.

It is expected that the Rights Issue can satisfy the Company's expected funding needs for the next 12 months, unless the Company identifies other investment or business opportunities which would require additional funding. In this circumstance, the Company may obtain additional funding through the facilities or other fund raising activities. As at the Latest Practicable Date, the Company does not identify any acquisition target other than those disclosed in the section headed "Business Review of the Group" in this circular.

In the event that the Hua Lien Acquisition and the London Property Acquisition were lapsed before Completion, the Company would not draw down the additional loan amount of approximately HK$1,192 million under the Facilities for those acquisitions. In this case, the amount of the Set-Off is estimated to be approximately HK$1,210 million only. The net cash proceeds of the Rights Issue after the Set-Off therefore would be approximately HK$1,778 million. The Company intends to use it in the following way:

(i) as to approximately HK$586 million to be applied to the development of the distressed assets investment business through acquisition of further distressed assets, of which HK$96 million will be reserved for the payment of the remaining consideration of the distressed assets acquired on 12 August 2016 as mentioned in section headed "Business review of the Group", whist the remaining amount of HK$490 million is intended to be used for 2 to 3 acquisition of acquire 2 to 3 distressed assets with bidding price ranging from HK$100 million to HK$300 million should the opportunities arise;

(ii) as to approximately HK$600 million to be applied to the potential acquisition of properties should the Company identify the targets; and

(iii) as to approximately HK$592 million to be applied to other possible acquisition should the opportunities arise.

Before the Company identifies the acquisition targets, the proceeds will be used for securities trading business as an interim strategy.

In view of the above, the Company considers that it is in the interests of the Company and the Shareholders to proceed with the Rights Issue.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

Date of announcement	**Event**	**Gross proceeds (approximate)**	**Net proceeds (approximate)**
12 November 2015	Placing of 250,180,000 new shares completed on 30 November 2015	HK$165.72 million	HK$164.32 million

Set out below is the intended use of the net proceeds of approximately HK$164.32 million as disclosed in the announcement of the Company dated 29 January 2016:

Intended use of net proceeds	Actual use of net proceeds
• HK$100 million will be reallocated as working capital of commodity trading business	Used as intended
• HK$35 million will be applied to settle the consideration of the proposed acquisition of Hui Kai Futures Limited, subject to cash position of the target at completion and actual receivables having been collected (details of which are set out in the announcements of the Company dated 30 December 2015 and 18 January 2016)	Not yet completed
• HK$15 million will be applied to settle the consideration of proposed acquisition of Hui Kai Asset Management Limited, subject to cash position of the target at completion and actual receivables having been collected (details of which are set out in the announcements of the Company dated 30 December 2015 and 18 January 2016)	Not yet completed
• HK$6 million of proceeds will be applied to settle the acquisition of Easy Winning International Limited, subject to cash position of the target at completion and actual receivables having been collected (details of which are set out in the announcements of the Company dated 30 December 2015 and 18 January 2016)	Not yet completed
• HK$4 million will be reallocated as working capital for the operation of Easy Winning International Limited	Not yet completed
• HK$4 million will be applied as general working capital for trading of medical equipment.	Used as intended

Save for the above, the Company had not conducted any other equity fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional on the Underwriting Agreement having become unconditional and not terminated (see the section headed "Termination of the Underwriting Agreement" in this circular). The conditions of the Underwriting Agreement are set out in the section headed "Conditions of the Underwriting Agreement" above. In particular, it is subject to the approval of the Rights Issue and the Underwriting Agreement by the Independent Shareholders at the SGM. It is expected that Shares will be dealt with on an ex-rights basis from 13 October 2016. The Rights Shares will be dealt with in their nil-paid form from 9:00 a.m. on 26 October 2016 to 4:00 p.m. on 2 November 2016. If Haitong (for itself and on behalf of the Underwriters) terminates the Underwriting Agreement pursuant to the terms thereto, the Rights Issue will not proceed.

ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR THE RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR THE RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED (INCLUDING THE DATE ON WHICH THE UNDERWRITERS' RIGHT OF TERMINATION OF THE UNDERWRITING AGREEMENT CEASES) WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT BECOME UNCONDITIONAL OR MAY NOT PROCEED.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Tai He (a company wholly owned by Mr. Chua) is the controlling shareholder of the Company which holds 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. As TAI Capital is also wholly owned by Mr. Chua, TAI Capital is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As Rule 7.21 of the Listing Rules will be complied with and no underwriting commission will be payable to TAI Capital pursuant to the Underwriting Agreement, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules which is exempted from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is subject to the approval from the Independent Shareholders at the SGM.

In compliance with Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval of the Independent Shareholders by way of poll at the SGM and any controlling shareholders and their associates or where there is no controlling shareholder, the Directors (other than the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, Tai He (a company wholly owned by Mr. Chua) was the controlling shareholder of the Company which held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. Tai He and its associates (including Mr. Chua and TAI Capital) shall abstain from voting in respect of the resolution relating to the Rights Issue at the SGM. Haitong does not hold any Shares as at the Latest Practicable Date.

SGM

A notice convening the SGM to be held at 10:00 a.m. on Tuesday, 11 October 2016, 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 for the purposes of considering and, if thought fit, approving the Underwriting Agreement and the Rights Issue together with the transactions contemplated thereunder.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-qualifying Shareholders for information purposes only.

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

Subject to the Rights Issue being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Rights Issue will be despatched to the Shareholders as soon as practicable, and in any event only the Prospectus but not the PAL will be sent to Non-qualifying Shareholders for their information purposes only.

RECOMMENDATION

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan, has been established to advise the Independent Shareholders as to whether (i) the terms of the Rights Issue are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote on the resolution regarding the Rights Issue at the SGM. Hercules Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on page 30 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from Hercules Capital set out on pages 31 to 52 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors (including the independent non-executive Directors whose views are set out in the "Letter from the Independent Board Committee" in this circular) believe that (i) the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole, and recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Rights Issue.

ADDITIONAL INFORMATION

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

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

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 718)

23 September 2016

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 23 September 2016 (the "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 as the Independent Board Committee to advise the Independent Shareholders as to whether (i) the terms of the Rights Issue are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the company and the Shareholders as a whole.

Hercules Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Having taken into account the terms of the Rights Issue and the advice from Hercules Capital (together with the principal factors and reasons considered in arriving such advice), we are of the opinion that (i) the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the relevant resolution to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,
Independent Board Committee

Mr. Mao Kangfu **Dr. Gao Bin** **Ms. Liu Yan**
Independent non-executive Directors

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding its advice on the Rights Issue prepared for the purpose of incorporation into this circular.

Hercules

Hercules Capital Limited

1503 Ruttonjee House
11 Duddell Street
Central
Hong Kong

23 September 2016

To the Independent Board Committee and
the Independent Shareholders

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES
FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE
AT HK$1.00 PER RIGHTS SHARE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, details of which are set out in the Letter from the Board contained in the circular of the Company dated 23 September 2016 to the Shareholders (the "Circular"), of which this letter forms part. Capitalized terms used in this letter have the same meanings as defined elsewhere in the Circular, unless the context requires otherwise.

On 2 September 2016, the Company announced that it proposed to raise approximately HK$3,002 million (before expenses) by allotting and issuing 3,002,184,872 Rights Shares at the Subscription Price of HK$1.00 per Rights Share on the basis of two Rights Shares for every one existing Share held on the Record Date. The Rights Issue is fully underwritten by Haitong and TAI Capital, a company wholly-owned by Mr. Chua.

As at the Latest Practicable Date, Tai He, a company wholly-owned by Mr. Chua, was the controlling shareholder of the Company which held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. As TAI Capital is also wholly-owned by Mr. Chua, TAI Capital is therefore a connected person of the Company under Chapter 14A of the Listing Rules. As Rule 7.21 of the Listing Rules will be complied with and no underwriting commission will be payable to TAI Capital pursuant to the Underwriting Agreement, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules which is exempted from reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

As the Rights Issue will increase the number of issued Shares by more than 50%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval of the Independent Shareholders by way of poll at the SGM and any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, Tai He, a company wholly-owned by Mr. Chua, was the controlling shareholder of the Company which held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. Therefore, Tai He and its associates (including Mr. Chua and TAI Capital) shall abstain from voting in respect of the resolution relating to the Rights Issue at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Rights Issue and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the SGM. We, Hercules Capital Limited, have been appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in connection with the Rights Issue and the Underwriting Agreement, in particular as to whether the terms of the Rights Issue are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We are not associated with the Group and its associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment and an occasion as detailed in the circular of the Company dated 7 March 2016, we have not acted as a financial adviser or independent financial advisor to the Company in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its associates. We were not aware of any relationship or interest between us and the Company or any other parties that could be reasonably regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the SGM. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purposes of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Underwriting Agreement. Our opinion is necessarily based on the financial, economic, market 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 any material change in market and economic conditions) may affect and/or change this opinion.

We have not considered the tax consequences on the Independent Shareholders arising from the subscription for, holding of, or dealing in, the Rights Shares or exercising any right attached thereto or otherwise, since these are particular to their individual circumstances. Independent Shareholders who are in any doubt as to their tax position, or who are subject to overseas tax or Hong Kong taxation on securities dealing, should consult their own professional advisers without delay.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information of the Group

The Company is a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) trading of commodities, securities and medical equipment; (ii) distressed assets investment and management; and (iii) mining of tungsten in Mongolia.

1.1 Historical Performance

The audited consolidated financial information of the Group for the two years ended 31 March 2016, which is extracted from the annual report of the Company, is summarized as follows:

Table 1: Consolidated financial information of the Group

	For the year ended 31 March	
	2016	**2015**
	HK$'000	*HK$'000*
Revenue		
– securities trading	72,426	–
– commodity trading	1,035,473	–
– sales of medical equipment	12,886	6,736
– sales of other general goods	462	896
	1,121,247	7,632
Loss before income tax	(158,782)	(74,746)
Loss for the year attributable to owners of the Company	(116,204)	(58,027)

	As at 31 March 2016 *HK$'000*
Non-current assets	476,702
Current assets	1,410,375
Total assets	1,887,077
Current liabilities	58,969
Non-current liabilities	970,198
Total liabilities	1,029,167
Net assets	857,910
Net assets attributable to owners of the Company	848,895

For the year ended 31 March 2016, the revenue of the Group amounted to approximately HK$1,121.2 million, representing a significant increase of over 145 times of the revenue of the previous year. The gross profit of the Group also increased sharply from approximately HK$3.1 million for the year ended 31 March 2015 to approximately HK$79.7 million for the year ended 31 March 2016. Such increases were mainly attributable to the commencement of the securities trading business and commodity trading business during the year ended 31 March 2016. The Group invested in equity securities listed in Hong Kong, the PRC and other Asian countries as short-term investments. For the year ended 31 March 2016, the Group recorded realized gains from the disposal of certain financial assets held for trading of approximately HK$72.4 million. In December 2015, the Group also started to carry out commodity trading on a trial basis with a view to observe the potential of the commodity trading business. In view of the satisfactory performance and the advantages of short trading cycle, large transaction volume, high marketability and better risk control of the commodity trading business, the Board subsequently decided to engage in the commodity trading business on a continuous basis. For the year ended 31 March 2016, the transaction amount completed was approximately HK$1,035.5 million.

Despite the increase in gross profit by approximately HK$76.6 million, the loss before income tax increased from approximately HK$74.7 million for the year ended 31 March 2015 to approximately HK$158.8 million for the year ended 31 March 2016 as a result of the increase in impairment loss on mining rights of approximately HK$151.5 million and the increases in selling and distribution expenses and administrative expenses in an aggregate amount of approximately HK$14.4 million. Despite an income tax credit of approximately HK$42.7 million was recorded during the year ended 31 March 2016, the Group's loss attributable to owners of the Company increased from approximately HK$58.0 million for the year ended 31 March 2015 to approximately HK$116.2 million for the year ended 31 March 2016.

As at 31 March 2016, the current assets and current liabilities of the Group amounted to approximately HK$1,410.4 million and HK$59.0 million respectively. Accordingly, the Group had net current assets of approximately HK$1,351.4 million and current ratio of approximately 23.9, as calculated as current assets over current liabilities. The current assets mainly comprised financial assets held for trading of approximately HK$790.6 million, financial derivative contract of approximately HK$75.3 million, deposits, other receivables and prepayments of approximately HK$47.7 million and cash and cash equivalents of approximately HK$522.6 million. The current liabilities of the Group mainly consisted of borrowings and provision for income tax which amounted to approximately HK$40.2 million and HK$11.5 million respectively.

As at 31 March 2016, the Group's non-current assets amounted to approximately HK$476.7 million, which mainly comprised the mining rights in Mongolia, while the non-current liabilities of the Group amounted to approximately HK$970.2 million, which were loan from ultimate holding company and deferred tax liabilities of approximately HK$877.0 million and HK$93.2 million respectively. As at 31 March 2016, the Group's total assets and total liabilities amounted to approximately HK$1,887.1 million and HK$1,029.2 million respectively. Thus, the Group had net assets of approximately HK$857.9 million and a gearing ratio, representing a percentage of total liabilities over total assets, of approximately 54.5% as at 31 March 2016 (31 March 2015: 19.3%). Excluding the net assets of the non-controlling interests of approximately HK$9.0 million, the net assets attributable to owners of the Company amounted to approximately HK$848.9 million as at 31 March 2016.

1.2 Recent Development of the Group

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 which are characterised by shorter trading cycle and larger transaction volume, and in distressed asset investments which will offer medium term upside gain in investment through unlocking the value of the collaterals attaching to the distressed assets.

Distressed assets investment and management

The Group actively bids distressed bank loan portfolio with quality property collaterals through public tenders in the PRC with a view to realizing the potential upside of the investments by realization of the underlying collaterals. On 8 April 2016, the Group entered into an auction agreement with China Cinda Asset Management Co., Ltd. Zhejiang Branch, a subsidiary of China Cinda Asset Management Co., Ltd., to acquire all rights in relation to certain non-performing debts and the enforcement of the pledge of the collaterals thereof, at a cash consideration of RMB146 million. The collaterals are a list of 16 residential or industrial properties located in the Zhejiang Province, the PRC.

On 5 May 2016, the Group submitted, and won, a bid for the distressed assets, which comprise the land and the land use rights, and the buildings constructed thereon located in the Zhejiang Province, the PRC, at RMB202.17 million. As at 30 June 2016, the book value of the distressed loan investment portfolio held by the Group amounted to approximately RMB348 million (equivalent to approximately HK$417.6 million), with collaterals of a portfolio of residential, industrial and commercial buildings and land use rights in the Zhejiang Province, the PRC.

On 12 August 2016, the Group completed an acquisition, through public tender, of a distressed loan portfolio with residential, industrial and commercial properties located in Zhejiang Province, the PRC as collaterals at a bidding price of approximately RMB170 million. Meanwhile, the Group has also entered into a cooperation agreement with Zheyue Asset Management Company Limited ("Zheyue") for cooperation in respect of sharing of market intelligence, mutual identification, valuation and due diligence results of target assets, and bidding of distressed assets. The parties target to acquire certain distressed assets with portfolio size reaching RMB500 million (equivalent to approximately HK$600 million) by the end of 2016.

Securities Trading

In January 2016, the Company entered into an agreement to acquire the entire equity interest in (i) Hui Kai Futures, which is principally engaged in trading and brokerage of futures contracts with type 2 licence under the SFO; (ii) Hui Kai Asset Management, which is principally engaged in asset management with type 9 licence under the SFO; and (iii) Easy Winning, which is principally engaged in money lending business, for an aggregate consideration of up to HK$56 million (with HK$10 million paid upon signing of the agreement and HK$5 million paid upon signing of a supplemental agreement on 23 May 2016). The Company was also granted an option to further acquire the entire equity interest in Hui Kai Holdings Limited, which through Hui Kai Securities is principally engaged in brokerage of securities and margin financing with type 1 licence under the SFO, for a consideration up to HK$120 million. On 9 March 2016, the Company submitted an application to the SFC for the approval of the change in substantial shareholder of Hui Kai Futures, Hui Kai Asset Management and Hui Kai Securities (the "SFC Approval"). Upon the receipt of the SFC Approval, the Company will serve the notice of exercise of the option to acquire Hui Kai Securities and it is expected that completion of the Hui Kai Acquisition will take place once the SFC Approval is obtained.

Others

Hua Lien Acquisition

On 18 July 2016, the Company entered into a subscription agreement with Hua Lien International (Holding) Company Limited ("Hua Lien"), a company listed on the Main Board of the Stock Exchange and principally engaged in sugar cane growing and sugar manufacturing in Jamaica and provision of supporting services to sweetener business, to subscribe for 3,700,000,000 shares of Hua Lien, representing approximately 55.3% of the enlarged share capital of Hua Lien, at a subscription price of HK$0.16 per share. The Group intends to settle the total subscription monies of approximately HK$592 million by way of the Facilities. The Hua Lien Acquisition, which constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, will be completed upon, among other things, approval of a whitewash waiver by the SFC and the listing approval in respect of the new shares in Hua Lien by the Stock Exchange. It is expected that completion of the Hua Lien Acquisition will take place by the end of October 2016.

London Property Acquisition

On 12 August 2016, the Company entered into an exclusivity agreement with the potential vendors which are independent of the Company and are held by a European real estate fund and a reputable charitable foundation established in the United Kingdom. Pursuant to the exclusivity agreement, the Company may commence due diligence review on the target companies, which beneficially hold 100% interest in certain midsized luxury residential properties in the central district of London, within the exclusivity period up to 16 September 2016. As additional time is required for negotiation of the terms, on 14 September 2016, the parties to the exclusivity agreement agreed to extend the exclusivity period to 23 September 2016. The consideration for the London Property Acquisition is expected to be at or about HK$1,200 million. The Company has paid HK$120 million to the potential vendors as at the Latest Practicable Date as part of the refundable deposit.

Unless there is material adversity in the results of the due diligence being conducted by the Company on the target companies, the Company will proceed with the London Property Acquisition and the Company intends to finance the acquisition by the Facilities.

Financing Activities of the Group

In November 2015, the Company issued 250,180,000 new Shares at HK$0.66 per Share to Tai He and raised net proceeds of approximately HK$164 million, of which (i) approximately HK$104 million have been utilized for the intended uses, including working capital of commodity trading business and trading of medical equipment; while (ii) the remaining balance of approximately HK$60 million had not been utilized yet as at the Latest Practicable Date and such amount would be applied for the intended uses. Save as disclosed above, the Company had not conducted any other equity fund raising exercise in the past 12 months immediately preceding the Latest Practicable Date.

On 3 March 2016 and 28 April 2016, the Company, as the borrower, entered into facility agreements with Tai He in relation to the grant of revolving loan facility by Tai He to the Company of up to HK$1,000 million and HK$2,000 million respectively. Pursuant to the facility agreements, the term of each drawdown shall be 18 calendar months from the date on which each drawdown is made, and with an interest rate at 4.5% per annum. As at 30 June 2016, approximately HK$1,210 million had been drawn down by the Company, of which HK$660 million were utilized for the acquisitions of distressed assets and HK$550 million were utilized for working capital of the securities trading business.

2. Reasons for the Rights Issue and proposed use of proceeds

2.1 Reasons for the Rights Issue

Since the Group does not have any net cash inflow from operating activities, the Group finances its operation and business development mainly by the Facilities. Pursuant to the terms of the Facilities, each drawdown thereunder carries interest at 4.5% per annum and would be due for repayment in full 18 calendar months after the drawdown. As at 30 June 2016, the outstanding loan amount of the Facilities was approximately HK$1,210 million, which has been utilized for general working capital of the Group for distressed assets investment business and securities trading business. As the London Property Acquisition and the Hua Lien Acquisition are expected to be financed by the Facilities, additional drawdown of approximately HK$1,192 million will further increase the total outstanding loan amount of the Facilities to approximately HK$2,402 million, which will give rise to an annualized finance cost of approximately HK$108 million.

Given that the relatively high dependence on the Facilities to finance the Group's business operation will increase financial burden, and adversely affect the net profit, of the Group, the Directors consider that equity financing is a better means to finance the business of the Group as compared to loan financing. In addition, the Rights Issue can strengthen the financial position of the Group for future development and provide all Qualifying Shareholders with the opportunity to maintain their respective pro rata shareholding interests in the Company and participate in the potential development of the Group. Based on the above, we concur with the view of the Directors that the Group has a genuine need of raising additional capital for financing its business operation and development and reducing the gearing of the Group through the Rights Issue.

2.2 Use of net proceeds

The gross proceeds from the Rights Issue are expected to be approximately HK$3,002 million while the net proceeds from the Rights Issue (after deducting related expenses of approximately HK$14 million) are estimated to be approximately HK$2,988 million.

Assuming the London Property Acquisition and the Hua Lien Acquisition were completed before Completion, the expected funding needs of the Company for the next 12 months would by HK$1,192 million in addition to HK$586 million set aside for the distressed assets investment as detailed below. As the London Property Acquisition and the Hua Lien Acquisition are to be financed by additional drawdown of the Facilities of approximately HK$1,192 million, the total outstanding loan amount of the Facilities is expected to be HK$2,402 million, of which HK$1,743 million would be set-off by the subscription price payable by Tai He under the Rights Issue. After the Set-Off, the net cash proceeds to be received by the Company from the Rights Issue is expected to be approximately HK$1,245 million. The Company intends to apply the net proceeds as to (i) approximately HK$659 million for the repayment of the outstanding loan amount of the Facilities; and (ii) approximately HK$586 million for the development of the distressed assets investment business through acquisition of further distressed assets, of which approximately HK$96 million will be reserved for the payment of the remaining consideration of the distressed assets acquired on 12 August 2016 and the remaining amount of approximately HK$490 million is intended to be used for acquisitions of 2 to 3 distressed assets with bidding price ranging from HK$100 million to HK$300 million should the opportunities arise.

In the event that the London Property Acquisition and the Hua Lien Acquisition were lapsed before Completion, the Company would not draw down the additional loan amount of approximately HK$1,192 million under the Facilities for those acquisitions. As such, the amount of the Set-Off is estimated to be approximately HK$1,210 million only. The net cash proceeds of the Rights Issue after the Set-Off therefore would be approximately HK$1,778 million. The Company intends to apply the net proceeds as to (i) approximately HK$586 million for the development of the distressed assets investment business through acquisition of further distressed assets, of which approximately HK$96 million will be reserved for the payment of the remaining consideration of the distressed assets acquired on 12 August 2016 and the remaining amount of approximately HK$490 million is intended to be used for acquisitions of 2 to 3 distressed assets with bidding price ranging from HK$100 million to HK$300 million should the opportunities arise; (ii) approximately HK$600 million for the potential acquisition of properties should the Company identify any suitable targets; and (iii) approximately HK$592 million for other possible acquisitions should the opportunities arise. Before the Company identifies the acquisition targets, the proceeds will be used for securities trading business as interim strategy.

The Set-Off and repayment of the outstanding loan amount of the Facilities

As at 30 June 2016, the outstanding loan amount of the Facilities was approximately HK$1,210 million and is expected to increase to approximately HK$2,402 million due to the additional loan amount to be drawn down to finance the London Property Acquisition and the Hua Lien Acquisition of approximately HK$600 million and HK$592 million respectively.

We have reviewed the agreements in respect of the Facilities, the drawdown and repayment schedule of the Facilities and the calculation of the interests thereon. Based on the interest rate of 4.5% per annum of the Facilities, the Group will incur a finance cost of approximately HK$108 million per annum if the outstanding amount of the Facilities increases to HK$2,402 million. Such a large amount of interest expense may adversely affect the future profitability of the Group. Having considered that the repayment of the outstanding amount of the Facilities by the net proceeds of the Rights Issue shall reduce the finance costs and gearing ratio of the Group, we consider it is reasonable for the Company to allocate not more than approximately HK$2,402 million from the net proceeds of the Rights Issue for repayment of the outstanding loan amount of the Facilities.

Development of the distressed assets investment business

Following the commencement of distressed assets investment business in early 2016, the Group actively bids for acquisition of distressed bank loan portfolio with quality property collaterals through public tenders in the PRC with a view to realizing the potential upside of the investments by realization of the underlying collaterals.

On 12 August 2016, the Group completed an acquisition through public tender from Zheyue of a distressed loan portfolio with residential, industrial and commercial properties located in Zhejiang Province, the PRC as collaterals at a bidding price of approximately RMB170 million (equivalent to approximately HK$204 million), of which approximately RMB90 million (equivalent to approximately HK$108 million) had been paid by the Company as at the Latest Practicable Date and the remaining RMB80 million (equivalent to approximately HK$96 million) shall be settled within one year after the date of the auction acknowledgement and, in any event, RMB16 million (equivalent to approximately HK$19.2 million) shall be settled within 6 months after the date of the auction acknowledgement. The remaining consideration of RMB80 million shall bear an interest of 10.5% per annum. On the same day, the Group also entered into a cooperation agreement with Zheyue to set out the framework for their cooperation in respect of sharing of market intelligence, mutual identification, valuation and due diligence results of target assets, and bidding of distressed assets. The parties target to acquire certain distressed assets with portfolio size of up to RMB500 million (equivalent to approximately HK$600 million) by the end of 2016.

We have reviewed the cooperation agreement and have discussed with the management of the Company about the investment plan on distressed assets and were advised that no targets had been identified as at the Latest Practicable Date, except those have been disclosed by the Company. However, the Group is actively seeking suitable distressed assets with the view of acquiring distressed assets with investment amount up to approximately HK$600 million by the end of 2016 and approximately HK$960 million in 2017.

Given that distressed assets investment and management is one of the principal businesses of the Group and it is the Group's strategy to develop the distressed investment business and to further acquire distressed assets to broaden its portfolio, we consider that it is beneficial for the Company to have adequate funding for the acquisitions of distressed assets as and when opportunities arise and it is reasonable for the Company to allocate approximately HK$586 million for the development of the distressed assets investment business through acquisition of further distressed assets.

Alternative usages of the net proceeds

In the event that the London Property Acquisition and the Hua Lien Acquisition were lapsed before Completion, the expected draw down of the Facilities in the amount of approximately HK$600 million for the London Property Acquisition and approximately HK$592 million for the Hua Lien Acquisition would not be made. Therefore, (i) approximately HK$600 million from the net proceeds of the Rights Issue originally planned for the repayment of the Facilities for the London Property Acquisition would be applied for the potential acquisition of properties should the Company identify any suitable target; and (ii) approximately HK$592 million from the net proceeds of the Rights Issue originally planned for the repayment of the Facilities for the Hua Lien Acquisition would be applied for other possible acquisitions should the opportunities arise.

Given that the alternative usages of the net proceeds from the Rights Issue are in line with the original purpose of investment in properties and acquisitions, we consider that it is commercially justifiable for the Group to utilize the relevant proceeds for other investment opportunities in the event that the London Property Acquisition and/or the Hua Lien Acquisition do(es) not materialize. Meanwhile, as one of the principal activities of the Group is trading of securities, we also consider that it is fair and reasonable for the Group to utilize the relevant proceeds for securities trading business as an interim strategy before the Company identifies the acquisition targets.

3. Alternative financing methods

During our discussion with the management of the Company, we were given to understand that the Company has considered other alternative means for fund raising, including but not limited to debt financing and placing of new Shares. We were advised by the management of the Company that in view of the loss-marking records of the Group in the past and the high gearing ratio of the Group, the Directors consider that the possibility for the Company to obtain the required funding by bank financing with favourable terms was remote and debt financing or bank loans would also result in additional interest burden to the Group, which will adversely affect the net profit margin of the Group. Moreover, placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. Therefore, the Directors consider that debt financing and placing of new Shares are not desirable means to raise fund for the Group at the moment.

Having considered the above, we concur with the view of the Directors that the Rights Issue is an appropriate means for the Group to obtain the required funding and is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue

4.1 Issue statistics

Basis of the Rights Issue:	two Rights Shares for every one existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price:	HK$1.00 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	1,501,092,436 Shares
Number of Rights Shares:	3,002,184,872 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date), representing 200.00% of the existing number of issued Shares as at the Latest Practicable Date and approximately 66.67% of the number of issued Shares as enlarged immediately upon Completion
Number of Shares as enlarged upon Completion:	4,503,277,308 Shares
Aggregate nominal value of the Rights Shares:	HK$150,109,243.6

As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Tai He irrevocably undertakes to the Company and to the Underwriters to accept or procure the acceptance of 1,743,286,148 Rights Shares to be provisionally allotted to Tai He (or its nominee) in respect of 871,643,074 Shares registered in the name of Tai He (and which Tai He undertakes to the Company and to the Underwriters will remain registered in the same name as at 5:00 p.m. on the Record Date). Tai He shall procure that all its PALs shall be lodged with the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance or such later date as agreed between Tai He and Haitong (for itself and on behalf of the Underwriters).

The Rights Issue (excluding the Rights Shares subject to the Irrevocable Undertakings) will be fully underwritten by the Underwriters. The Rights Issue is conditional upon, *inter alia*, the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement.

4.2 Subscription Price

The Subscription Price of HK$1.00 per Rights Share, which is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares, represents:

(i) a discount of approximately 9.09% to the closing price of HK$1.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 4.76% to the closing price of HK$1.050 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 4.21% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK$1.044;

(iv) a discount of approximately 4.85% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK$1.051;

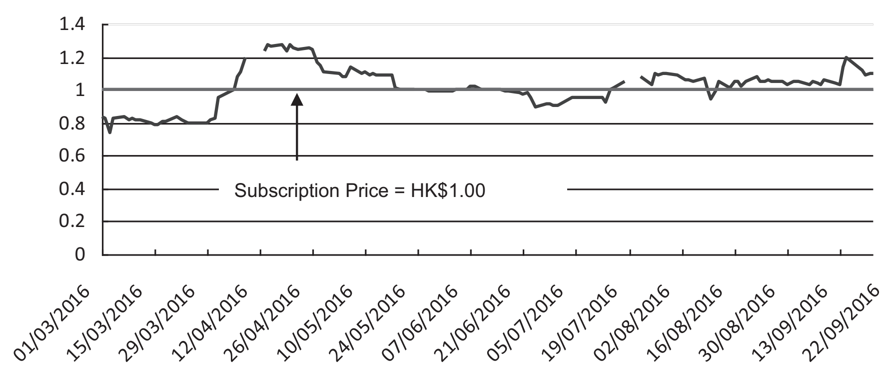
(v) a discount of approximately 3.18% to the theoretical ex-rights price of approximately HK$1.017 per Share based on the closing price of HK$1.05 per Share as quoted on the Stock Exchange and the existing total number of issued Shares on the Last Trading Day; and

(vi) a premium of approximately 74.83% over the audited consolidated net asset value per Share of approximately HK$0.572 based on the audited consolidated net asset value of the Company and the number of issued Shares as at 31 March 2016.

The Subscription Price was determined by the Company and the Underwriters with reference to (i) the necessary capital required for the development of the Group's business of approximately HK$2,988 million; (ii) the Directors' intention to set a subscription price which can avoid significant and undue dilutive impact on the existing Shareholders' interest in the Company; and (iii) the relevant risk exposures assumed by each of the Underwriters.

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in the closing price of the Shares during the period from 1 March 2016, being six months immediately preceding the date of the Underwriting Agreement, to the Latest Practicable Date (the "Review Period"). We consider that a period of six months is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the closing price of the Shares and the Subscription Price. The closing prices of the Shares during the Review Period are depicted in Chart 1 below:

Chart 1: Closing prices of the Shares during the Review Period



Source: *the website of the Stock Exchange*

As illustrated in the above chart, the highest and the lowest closing price of the Shares in the Review Period were HK$1.27 and HK$0.74 respectively with an average closing price of the Shares of approximately HK$1.01. The Subscription Price represents a discount of approximately 21.3% and 1.0% to the highest and average closing price of the Shares in the Review Period respectively and a premium of approximately 35.1% over the lowest closing price of the Shares in the Review Period.

The closing price of the Shares was HK$0.84 on 1 March 2016 and suddenly decreased to HK$0.74 on 3 March 2016. After the trading hours on 3 March 2016, the Company published an announcement relating to the grant of an unsecured and revolving loan facility of up to HK$1,000 million by Tai He to the Company. Following the publication of the announcement, the closing price of the Shares rebounded to HK$0.83 on 4 March 2016. The closing price of the Shares then fluctuated in the range of HK$0.79 and HK$0.84 during 7 March 2016 and 30 March 2016. After the trading hours on 30 March 2016, the Company published an announcement in relation to the close of a mandatory cash offer. The closing pricing of the Shares then increased steadily up to HK$1.20 on 8 April 2016. The trading of the Shares was halted on 11 April 2016 and 12 April 2016 pending the release of an announcement in relation to the acquisition of distressed assets. Upon resumption of trading of the Shares, the closing price of the Shares further increased to HK$1.27 on 14 April 2016 and then gradually decreased to HK$1.08 on 5 May 2016. On the same day, the Company published an announcement in relation to the acquisition of distressed assets. Subsequent to the publication of the announcement, the closing price of the Shares picked up a little bit to HK$1.14 on the following trading day and then decreased to HK$1.00 on 23 May 2016. The trading of the Shares was halted on 24 May 2016 and 25 May 2016 pending the release of an announcement in relation to the entering into of a memorandum of understanding regarding a proposed subscription of shares of Hua Lien International (Holding) Company Limited by the Group. Subsequent to the publication of the announcement on 25 May 2016, the closing price of the Shares moved between HK$0.99 and HK$1.02 during the period from 26 May 2016 to 8 June 2016 and then decreased to HK$0.89 on 24 June 2016. The closing price of the Shares rebounded gradually to HK$1.05 on 18 July 2016. The trading of the Shares was halted during 19-21 July 2016 pending the release of the announcement in relation to the Hua Lien Acquisition. Following the publication of the announcement on 21 July 2016, the closing price of the Shares increased to HK$1.08 on 22 July 2016. The closing price of the Shares decreased gradually to HK$0.94 on 10 August 2016 and rebounded to HK$1.05 on 12 August 2016. After the trading hours on 12 August 2016, the Company published an announcement relating to the London Property Acquisition. On 14 August 2016, the Company also published an announcement in relation to, among others, the acquisition of distressed assets. Since then, the closing price of the Shares fluctuated in the range of HK$1.01 and HK$1.08 and was HK$1.05 on the Last Trading Day. On 2 September 2016, the Company announced the Rights Issue and the closing price of the Shares further increased to HK$1.10 on the Latest Practicable Date.

We have also reviewed the historical trading volume of the Shares during the Review Period. The number of trading days, average daily trading volume of the Shares and the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Review Period are shown in Table 1 below.

Table 1: Historical average daily trading volume of the Shares

Month	Number of trading days	Average daily trading volume *(Note 1)*	% of average daily trading volume to the total number of issued Shares *(Note 2)*	% of average daily trading volume to the total number of Shares in public hands *(Note 3)*
2016				
March	21	803,681	0.0535%	0.1389%
April *(Note 4)*	18	2,012,896	0.1341%	0.3479%
May *(Note 5)*	19	382,327	0.0255%	0.0661%
June	21	314,612	0.0210%	0.0544%
July *(Note 6)*	17	1,371,567	0.0914%	0.2370%
August	22	1,139,832	0.0759%	0.1970%
September *(Note 7)*	15	1,804,356	0.1202%	0.3118%

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the relevant month/period which excludes any trading day on which trading of Shares on the Stock Exchange was halted for the whole trading day.

2. Calculated based on 1,501,092,436 Shares in issue as at the Latest Practicable Date.

3. Calculated based on 578,624,362 Shares held in public hands as at the Latest Practicable Date.

4. Trading of Shares was halted from 11 April 2016 to 12 April 2016.

5. Trading of Shares was halted from 24 May 2016 to 25 May 2016.

6. Trading of Shares was halted from 19 July 2016 to 21 July 2016.

7. Represents trading volume for the period from 1 September 2016 to the Latest Practicable Date.

Table 1 demonstrates that during the Review Period, the average daily trading volume of the Shares was in the range of approximately 0.0210% to approximately 0.1341% of the total number of issued Shares as at the Latest Practicable Date and approximately 0.0544% to approximately 0.3479% of the total number of the Shares held in public hands as at the Latest Practicable Date. The above statistics show that the liquidity of the Shares was relatively low during the Review Period.

To further evaluate the fairness and reasonableness of the terms of the Rights Issue, we also considered a broad comparison of rights issues conducted by other companies listed on the main board of the Stock Exchange. Based on the information available from the Stock Exchange's website, we have reviewed, so far as we are aware of, all the rights issues announced by the companies listed on the main board of the Stock Exchange (the "Comparables") during 1 June 2016, being three months immediately preceding the date of the Underwriting Agreement, to the Latest Practicable Date (the "Comparable Period"), which is considered to be exhaustive for comparison purposes. Having considered the recent volatility of the Hong Kong stock market and that the Comparable Period is reasonably long enough to (i) reflect the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) include sufficient number of transactions for comparison purposes; and (iii) allow the Shareholders to have a general understanding of the recent rights issue transactions being conducted in the Hong Kong stock market, we considered that the Comparable Period is adequate.

We noted that the businesses, operations, financial position, funding requirements and prospects of the Comparables are not directly comparable to those of the Company. However, given that the terms of rights issues of the Comparables were determined under similar market conditions and sentiments as those when the terms of the Rights Issue were determined and reflect the recent trend of the rights issue transactions in the market, we are of the opinion that the Comparables are fair and representative samples for comparison purposes and can serve as a reference for the recent market practice and provide an insight to the reasonableness of the major terms of the Rights Issue. Details of the trading statistics of the Comparables are summarized in Table 2 below:

Table 2 – Trading statistics of the Comparables

Company name (stock code)	Date of announcement (DD/MM/YYYY)	Basis of entitlement	(Discount) of subscription price to the closing price on the last trading day %	(Discount) of subscription price to the theoretical ex-rights price %	Commission rate %	Maximum dilution (Note 1) %	Excess application Yes/No
China Singyes Solar Technologies Holdings Limited (750)	02/06/2016	1 for 5	(11.0)	(9.3)	1.8 (Note 2)	16.7	Yes
Xiao Nan Guo Restaurants Holdings Limited (3666)	07/06/2016	1 for 2	(18.0)	(12.8)	2.1 (Note 3)	33.3	Yes
GT Group Holdings Limited (263)	10/06/2016	2 for 1	(49.0)	(24.2)	3.0	66.7	Yes
Lerado Financial Group Company Limited (1225)	29/06/2016	2 for 1	(63.6)	(36.9)	1.5	66.7	No
China Resources Beer (Holdings) Company Limited (291)	06/07/2016	1 for 3	(30.8)	(25.0)	0.0	25.0	Yes
Wai Yuen Tong Medicine Holdings Limited (897)	08/07/2016	3 for 1	(48.8)	(18.9)	2.5	75.0	Yes
Universe International Holdings Limited (1046)	12/07/2016	2 for 1	(25.0)	(10.0)	3.0	66.7	Yes
GT Group Holdings Limited (263)	09/08/2016	1 for 2	(32.4)	(24.2)	3.0	33.3	No
Enterprise Development Holdings Limited (1808)	12/08/2016	3 for 1	(56.0)	(24.1)	3.0	75.0	Yes
Chinlink International Holdings Limited (997)	07/09/2016	5 for 1	(76.2)	(34.8)	2.0	83.3	Yes
Sun Century Group Limited (1383)	20/09/2016	3 for 1	(20.0)	(6.1)	3.0	75.0	Yes
Maximum			**(11.0)**	**(6.1)**	**3.0**	**83.3**	
Minimum			**(76.2)**	**(36.9)**	**0.0**	**16.7**	
Average			**(39.2)**	**(20.6)**	**2.3**	**56.1**	
the Company (718)	**02/09/2016**	**2 for 1**	**(4.8)**	**(3.2)**	**2.0**	**66.7**	**Yes**

Source: the website of the Stock Exchange

Notes:

1. Maximum dilution effect is calculated as: (number of rights shares)/((number of existing shares entitled for the rights shares) + (number of rights shares)) x 100%

2. The underwriting commission is a fixed amount of HK$4.6 million. The commission rate was calculated by dividing the commission amount of HK$4.6 million by the maximum aggregate subscription price of the number of rights shares underwritten by the underwriter.

3. The underwriting commission is calculated based on (i) 2% of the subscription price of the maximum number of rights shares less the committed shares; and (ii) 0.5% of the aggregated subscription price of the committed shares. The weighted average commission rate of approximately 2.1% was used for comparison purposes.

We noted from Table 2 that all the Comparables had set the subscription price of their rights issues at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the rights issues were made. We consider, therefore, it is a normal market practice for companies to set the subscription price of rights issues at a discount to the prevailing market price of the relevant shares.

As illustrated in Table 2, the subscription prices of the Comparables were set at a discount ranging from approximately 11.0% to 76.2% as compared to their respective closing prices as quoted on the last trading day prior to the date of the relevant rights issue announcements. The discount of approximately 4.8% of the Subscription Price to the closing price of the Shares on the Last Trading Day is out of the range of those of the Comparables and it is lower than the average discount of the Comparables of approximately 39.2%.

The subscription prices of the Comparables represent a discount ranging from approximately 6.1% to 36.9% to their respective theoretical ex-rights prices as quoted on the last trading day prior to the date of the relevant right issue announcements. The discount of approximately 3.2% of the Subscription Price to the theoretical ex-rights price of the Shares on the Last Trading Day is out of the range of those of the Comparables and it is lower than the average discount of the Comparables of approximately 20.6%.

Based on the above analysis and the facts that (i) the liquidity of the Shares was thin during the Review Period; (ii) it is common for the companies listed in the main board of the Stock Exchange to set the subscription price of rights issues at a discount to the market price; (iii) the Subscription Price is determined after arm's length negotiation between the Company and the Underwriters; (iv) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Rights Issue and subscribe for the Rights Shares; and (v) those Qualifying Shareholders who do not wish to subscribe for their pro-rata entitlement of the Rights Shares can receive economic benefits from selling their nil-paid Rights Shares in the market, subject to availability, we consider that the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned although the discounts of the Subscription Price to the closing price of the Share on the Last Trading Day and to the theoretical ex-rights price is lower than that of the respective Comparables.

4.3 Application for excess Rights Shares

Qualifying Shareholders shall be entitled to apply for (i) the Rights Shares representing the entitlement of the Non-qualifying Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the principles of (a) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and (b) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them.

As set out in Table 2, 9 out of 11 Comparables have the arrangement for excess application for the qualifying shareholders. With the arrangement of application for excess Right Shares, the Qualifying Shareholders shall be given a pre-emption right to subscribe for excess Rights Shares if they wish to do so. Moreover, the allocation basis adopted by the Company is in line with the normal market practice of other rights issues with arrangement of application for excess rights shares and the shareholding of each Qualifying Shareholder, except those who do not take up their full entitlements or those who apply for excess Right Shares, will be largely maintained after the Completion. Based on the above, we concur with the Directors that the arrangement of application for excess Rights Shares for the Qualifying Shareholders and the allocation method for the excess Rights Shares are fair and reasonable so far as the Independent Shareholders are concerned.

4.4 The Set-Off

As disclosed in the announcements of the Company dated 3 March 2016 and 5 May 2016, Tai He granted the Company the Facilities of up to a total of HK$3,000 million. Each drawdown under the Facilities carries interest at 4.5% per annum and is repayable within 18 calendar months since the date of the drawdown. As at 30 June 2016, the outstanding loan amount of the Facilities was approximately HK$1,210 million, which was drawn down from March 2016 to June 2016, of which approximately HK$660 million was drawn down for the acquisitions of distressed assets of the Group, some of which that constitute a notifiable transaction were announced by the Company on 12 April 2016 and 5 May 2016, whilst approximately HK$550 million was used for the Group's securities trading business. The outstanding loan amount of the Facilities is expected to increase to approximately HK$2,402 million due to the additional loan amount to be drawn down to finance the Hua Lien Acquisition of approximately HK$592 million and the London Property Acquisition of approximately HK$600 million.

As at the Latest Practicable Date, Tai He held 871,643,074 Shares, representing approximately 58.07% of the existing issued share capital of the Company. The provisional entitlement to be allotted to Tai He would be 1,743,286,148 Rights Shares. Pursuant to the Underwriting Agreement, the total Subscription Price of HK$1,743,286,148 payable by Tai He will be set off by the then outstanding loan amount of the Facilities.

5. Underwriting arrangement

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite up to 1,258,898,741 Rights Shares, being the total number of the Rights Shares under the Rights Issue excluding 1,743,286,148 Rights Shares undertaken to be subscribed by Tai He. Therefore, the Rights Issue is fully underwritten. TAI Capital shall subscribe for up to 711,703,759 Untaken Shares, and Haitong shall subscribe or procure subscription for the remaining Untaken Shares up to 547,194,965 Rights Shares, on the terms of the Prospectus Documents (so far as the same are applicable).

The Company shall pay Haitong an underwriting commission of 2.0% of a sum equal to the Subscription Price multiplied by the number of Rights Shares underwritten by Haitong. TAI Capital shall not be entitled to any commission. The commission rate was determined after arm's length negotiation between the Company and Haitong by reference to, among other things, the size of the Rights Issue, the current market condition and the prevailing market rate for the underwriting commission of comparable transactions.

The Company has approached three financial institutions (including Haitong) who are third parties independent of the Company and its connected persons for the Rights Issue, but only received positive feedback from Haitong, which indicated that it did not prefer to act as the sole underwriter or underwriter with priority to underwrite the Untaken Shares. Accordingly, the Company invited TAI Capital to be the priority underwriter for the Rights Issue. Having agreed to the Subscription Price and the ratio of the Rights Issue, TAI Capital and Haitong, after arm's length negotiation, also agreed to allocate the underwriting commitment on a roughly 50:50 basis. TAI Capital will take up approximately 56% of the untaken Rights Shares (i.e. 711,703,759 Shares) while Haitong will take up approximately 44% of the untaken Rights Shares (i.e. 547,194,965 Shares). The Directors consider that having TAI Capital as the underwriter with priority to underwrite the Untaken Shares would signify a strong support to the Group from the controlling Shareholder and its confidence in the prospects of the Group's development, which would in turn encourage the Independent Shareholders to participate in the potential development of the Company by way of the Rights Issue.

As illustrated in Table 2, the underwriting commission of 2.0% to be charged by Haitong under the Underwriting Agreement falls within the range of the commission rates of the Comparables of 0.0% to 3.0% and is lower than the average commission rate of the Comparables of approximately 2.3%. Based on the above, we are of the view that the underwriting commission is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We were given to understand that Haitong undertakes that no subscribers procured by it to take up the Untaken Shares will be a connected person of the Company or will become interested in 10% or more of the enlarged issued share capital of the Company upon Completion.

It should also be noted that the Rights Issue will not proceed if Haitong (for itself and on behalf of the Underwriters) exercise its termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriters such termination rights are set out in the section of "Termination of the Underwriting Agreement" contained in the Circular. We have reviewed the announcements of the Comparables and consider the termination provisions under the Underwriting Agreement are on normal commercial terms and in line with the market practice.

6. Dilution effect of the Rights Issue on shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they and the Non-qualifying Shareholders should note that their shareholdings in the Company will be diluted upon Completion.

As at the Latest Practicable Date, the existing public Shareholders held approximately 38.55% of the total issued share capital of the Company. Upon Completion (assuming no Shareholders, except for Tai He, subscribed for the Rights Shares), the shareholding of the existing public Shareholders will be diluted to approximately 12.85%. On the other hand, Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue may, subject to availability, acquire additional nil-paid rights to subscribe for the Rights Shares in the market or apply for excess Rights Shares.

As set out in Table 2, the maximum dilution of the Comparables ranging from approximately 16.7% to approximately 83.3% with an average dilution of approximately 56.1%. For the Non-qualifying Shareholders and those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon Completion will be diluted by up to a maximum of approximately 66.7%, which falls within the range, but higher than the average, of the Comparables.

In all cases of rights issues, the dilution on the shareholding of those qualifying shareholders who do not take up in full their provisional allotments under the rights issues is inevitable. In fact, the dilution magnitude of any rights issue depends mainly on the extent of the basis of entitlement under such exercise since a higher offering ratio of new shares to existing shares has a greater dilution effect on the shareholding.

Having considered that (i) the dilution effect is not prejudicial as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company and the Independent Shareholders' interests in the Company will not be diluted if they elect to exercise their full provisional allotments under the Rights Issue; (ii) the Qualifying Shareholders have the opportunity to realize their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) shareholding dilution is inherent in rights issues in general; and (iv) the Rights Issue shall have positive impacts on the financial position of the Group as detailed in section "7. Financial effects" below, we are of the view that the potential dilution effect on the shareholding which may only happen to the Qualifying Shareholders who decide not to subscribe for their pro-rata Rights Shares is justifiable.

7. Financial effects

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion.

7.1 Net tangible asset

According to the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, had the Rights Issue been completed on 31 March 2016, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company would have increased from approximately HK$394.4 million to approximately HK$3,392.0 million immediately after Completion.

7.2 Cash and bank balances

Upon Completion, the cash and bank balances of the Group will increase by an amount equivalent to the net cash proceeds of the Rights Issue after deducting the amount for the Set-Off, which is estimated to be approximately HK$1,245 million assuming the London Property Acquisition and the Hua Lien Acquisition were completed before Completion and financed by the Facilities or approximately HK$1,778 million assuming the London Property Acquisition and the Hua Lien Acquisition were lapsed before Completion and no additional drawdown under the Facilities.

7.3 Gearing

The Rights Issue shall increase the total assets and reduce the total liabilities of the Group. As such, the gearing ratio of the Group, as expressed as the ratio of total liabilities to total assets, would decrease after the Rights Issue.

Based on the above analysis, we are of the view that the Rights Issue would have a positive effect on the Group's net tangible assets, cash position and gearing.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the resolution to approve the Rights Issue at the SGM.

Yours faithfully,
For and on behalf of
Hercules Capital Limited

Louis Koo
Managing Director

Amilia Tsang
Director

Notes:

1. Mr. Louis Koo is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 20 years of experience in investment banking and corporate finance.

2. Ms. Amilia Tsang is a licensed person under the SFO to engage in Type 6 (advising on corporate finance) regulated activities and has over 15 years of experience in corporate finance, investment and corporate management.

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited financial information of the Group for each of the 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) 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 31 August 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$1,394 million.

Securities margin borrowings

The total carrying amounts of the Group's outstanding secured securities margin borrowings as at 31 August 2016 were approximately HK$184 million. Securities margin borrowings as at 31 August 2016 were unguaranteed and secured by the Group's listed equity securities investments and pledged deposits.

Shareholder loans

The total carrying amounts of the Group's outstanding shareholder loans as at 31 August 2016 were approximately HK$1,210 million and were unsecured and unguaranteed.

At the close of business on 31 August 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 resources, the cash flows, 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

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 Group were made up.

5. BUSINESS REVIEW OF THE GROUP

Your attention is drawn to the section headed "Business review of the Group" in the "Letter from the Board" in this circular.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 as if the Rights Issue had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after the Rights Issue had if been completed as at 31 March 2016 or at any future dates. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 derived from the consolidated statement of financial position at that date as set out in the published annual report of the Group (formerly known as Bestway International Holdings Limited) for the year ended 31 March 2016, and adjusted as described below.

Audited consolidated net asset of the Group attributable to owners of the Company as at 31 March 2016	Adjustment for intangible assets of the Group attributable to owners of the Company as at 31 March 2016	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016	Consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2016	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after the Rights Issue
HK$'000	*HK$'000*	*HK$'000*	*HK$*	*HK$'000*	*HK$'000*	*HK$*
(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*		*(Note 5)*
848,895	454,541	394,354	0.263	2,997,685	3,392,039	0.753

Note 1: The audited consolidated net assets attributable to owners of the Company as at 31 March 2016 are extracted from the published annual report of the Group for the year ended 31 March 2016.

Note 2: Intangible assets of the Group represent the mining rights held by the Group and are extracted from the published annual report of the Group for the year ended 31 March 2016, of which 100% of the intangible assets were attributable to owners of the Company.

Note 3: 1,501,092,436 Shares in issue as at 31 March 2016 are used as the number of shares for the calculation of per Share amount. The effect of Rights Issue have not been taken into account in the calculation.

Note 4: The estimated net proceeds from the Rights Issue are based on 3,002,184,872 Rights Shares at the Subscription Price of HK$1.00 per Rights Share on the basis of two Rights Shares for every one existing Share held on the Record Date, after deducting the estimated underwriting commission and other related expenses of approximately HK$4,500,000 to be incurred by the Company.

Note 5: The number of Shares used for the calculation of per Share amounts is 4,503,277,308, representing 1,501,092,436 Shares in issue as at 31 March 2016 and 3,002,184,872 Rights Shares to be issued. The Company did not have any outstanding warrants, share options or other convertible instruments as at 31 March 2016.

Note 6: No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2016.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a report received from the auditor of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group for the purpose of incorporation in this circular.

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 adjusted consolidated net tangible assets of the Group as at 31 March 2016 and related notes as set out on pages II-1 to II-2 of Appendix II to the circular issued by the Company dated 23 September 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-3 to II-5 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue (as defined in the Circular) on the Group's financial position as at 31 March 2016 as if the transaction had taken place at 31 March 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 March 2016, on which an auditor's report 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 31 March 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
23 September 2016

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. SHARE CAPITAL

The authorised and issued share capital of the Company

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company up to the Record Date) is as follows:

(a) As at the Latest Practicable Date

Authorised share capital:		*HK$*
34,566,666,668	Shares	1,728,333,333.40

(b) Immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company up to the Record Date)

Issued and fully paid/to be issued:		*HK$*
1,501,092,436	Shares in issue as at the Latest Practicable Date	75,054,621.80
3,002,184,872	Rights Shares to be issued	150,109,243.60
4,503,277,308	Shares in issue and fully paid immediately upon completion of the Rights Issue	225,163,865.40

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully-paid, will rank *pari passu* with the existing Shares in issue as at the respective date of their allotment and issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares.

The Company will apply to the Listing Committee for the listing of and permission to deal in the Rights Shares (in both their nil-paid and fully-paid forms). No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

3. 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	3.33%
Mr. Sang Kangqiao *(Note)*	Beneficial owner	825,000	0.06%

Note: Mr. Sang Kangqiao is the legal representative and director of a PRC non-wholly owned subsidiary of the Company.

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 Long position	Number of Shares Short position	Percentage of the Company's issued share capital (approximately)
Tai He *(Note)*	Beneficial owner	871,643,074	–	58.07%
Mr. Chua	Interest of controlled corporation	871,643,074	–	58.07%

Note: As at the Latest Practicable Date, Tai He was wholly-owned by Mr. Chua.

Save as disclosed above and so far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, no person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares or 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 had directly or indirectly, interest 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.

4. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing interests

As at the Latest Practicable Date, none of the Directors and their respective 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 Enlarged 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 Enlarged 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 Enlarged Group since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. 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).

6. 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 Enlarged Group in the two years immediately preceeding the Latest Practicable Date which are or may be material.

(i) the conditional 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 International Company Limited ("**Vision Finance**") in relation to the placing of a maximum of 150,000,000 new Shares ("**Placing Shares**") together with unlisted Warrants to be issued by the Company on the basis of one warrant for every three Placing Shares placed by or on behalf of the placing agent;

(ii) the conditional 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 Weiping 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 deed of termination dated 3 February 2015 and entered into between the Company and 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;

(iv) 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;

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) the two conditional subscription agreements respectively dated 22 October 2015 entered into between the Company and Mr. Zhu Yilong and between the Company and Tai He in relation to the subscriptions for a total of 2,990,000,000 new Shares;

(xi) 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;

(xii) the two termination agreements respectively dated 11 November 2015 entered into between the Company and Mr. Zhu Yilong and between the Company and Tai He in relation to the termination of the subscription agreements 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;

(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 Limited (the "**December Acquisition**");

(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 and Hui Kai Holdings Limited in respect of the acquisition of Hui Kai Futures Limited, Hui Kai Asset Management Limited and Easy Wining International Limited;

(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 right to purchase the entire equity interest in Hui Kai Holdings Limited;

(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 a maximum of 800,000,000 new shares of Hua Lien;

(xxii) the deeds 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 proposed London Property Acquisition; and

(xxiv) the Underwriting Agreement.

7. LITIGATION

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

8. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the experts who have given opinions or advice contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Hercules Capital	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

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 they appear.

As at the Latest Practicable date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Enlarged 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 Enlarged 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.

9. 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.

10. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Biographies of the Directors

Executive Directors

Dr. MENG Zhaoyi, Chairman and chief executive officer

Mr. Meng, aged 56, was appointed as an executive director and chief executive officer since 24 May 2016 and 8 June 2016, respectively. Dr. Meng was a director and first deputy general manager of China Taiping Insurance Group and China Taiping Insurance Group (HK) Co., Ltd since 2009. He has been an executive director of China Taiping Insurance Holding Company Limited (SEHK Stock Code: 0966) since June 2013.

Dr. Meng has served in various positions of the China Insurance Regulatory Commission from November 1998 to March 2009, including as Director of the International Cooperation Division of the International Department, Deputy Director General and Director General of the International Department. From August 1985 to November 1998, Dr. Meng served in various positions including Section Chief of Banking Division, Financial Administration Department, personal assistant to the Deputy Governor, Governor's Office, General Administration Department and as Director of the Property and Casualty Insurance Management Division of the Insurance Department in People's Bank of China. He was a State Council Insurance Expert recognized for his outstanding contributions to the insurance industry and was entitled to special government allowances (2007), a Fellow of the Life Office Management Association (U.S., 1999) and held professional qualifications in securities, futures and options (U.K., 1996). Dr. Meng is experienced in banking and insurance regulations, and was involved in the negotiations related to China's accession to the World Trade Organization.

Dr. Meng holds a bachelor's degree in economics from the Tianjin University of Finance and Economics, China, a master's degree in Economics and Doctor of Philosophy in Economics from the Southwestern University of Finance and Economics, China.

Dr. LIU Hua, Executive Director

Dr. Liu, aged 37, has over nine years of experience in the areas of equity investment and securities advisory services in the PRC. From January 2007 to November 2008, Dr. Liu was the investment manager of Shanghai Zhangjiang Hi-tech Park Development Co., Ltd.(上海張江高科技園區開發股份有限公司)(stock code: SH: 600895), a company listed on the Shanghai Stock Exchange, where he was responsible for equity investment of the company. From December 2008 to August 2014, he was an executive director and a member of the investment decision committee of Guotai Junan Innovation Investment Co., Ltd.(國泰君安創新投資有限公司), a wholly-owned subsidiary of Guotai Junan Securities Co., Ltd.(國泰君安證券股份有限公司)(stock code: SH: 601211), a company listed on the Shanghai Stock Exchange, where he was responsible for equity investment, establishment and management of equity investment funds and management of various investment projects of the company related to healthcare, consumer, information technology and clean technology industries. From September 2014 to November 2015, Dr. Liu was the general manager of the international business division of Donghai Securities Co., Ltd.(東海證券股份投資有限公司), the shares of which are quoted on 全國中小企業股份轉讓系統 (the National Equities Exchange and Quotations System*), where he was responsible for providing cross-border investment advisory services.

Dr. Liu obtained a bachelor's degree in precision instrument and mechanical engineering from Tsinghua University, the PRC in July 2001, a master's degree in biomedical engineering from Imperial College London, the United Kingdom in November 2003 and a doctor's degree in bioinformatics from the University of Cambridge, the United Kingdom in December 2006

Mr. HU Yebi, Executive Director

Mr. Hu, aged 53, was appointed as an executive Director and Chairman of the Board of the Company on 11 July 2014. He received his MBA from International Management School of the Netherlands in Delft, Holland and Postgraduate Diploma in Management Engineering from Beijing Institute of Technology in Beijing, China. Mr. Hu has more than 25 years' experience in securities and financial services, merger and acquisition and corporate finance. Mr. Hu is a licensed person registered under the SFO to carry on regulated activities on dealing in securities and advising on corporate finance, and he is currently the responsible officer of Vision Finance International Company Limited, a registered institution licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities under the SFO. Prior to that, Mr. Hu was the managing director, equity capital markets of DBS Asia Capital Ltd, a subsidiary of DBS Bank Limited (previously known as the Development Bank of Singapore Ltd.) from 14 March 1994 to 15 March 2002. Between 16 March 2002 to 22 January 2005, Mr. Hu was the founder and chairman of Partners Capital International Limited and was appointed as a part-time member of Central Policy Unit of The Government of the HKSAR from 1 January 2008 to 31 December 2009. Mr. Hu is the founder and chairman of Vision Finance Group Limited, the holding company of Vision Finance International Company Limited and an executive director of Hua Lien International (Holding) Company Limited (SEHK Stock Code: 969). He was appointed as executive director of ASR Logistics Holdings Limited (SEHK Stock Code: 1803) and Beijing Properties (Holdings) Limited (SEHK Stock Code: 925) on 23 April 2015 and 23 December 2015 respectively.

Mr. CHEN Weisong, Executive Director

Mr. Chen, aged 37, is the Chief Financial Officer of the Group and Head of Finance and Accounting Department of the Group, who is primarily responsible for the Group's assets management and investment projects. Mr. Chen worked for CCB International Asset Management Limited, a wholly-owned subsidiary of China Construction Bank Corporation, from April 2008 to February 2016. He was a non-executive director of Universal Medical Financial & Technical Advisory Services Company Limited (SEHK Stock Code: 2666) from 6 March 2015 to 13 April 2016.

Mr. Chen received a Master of Philosophy degree from the University of Hong Kong in December 2005. Mr. Chen obtained the qualification as a Chartered Financial Analyst from the CFA Institute in September 2011. He has been a fellow of the Association of Chartered Certified Accountants since October 2012. Mr. Chen was licensed as a responsible officer for Type 9 (asset management) regulated activities of the SFC from December 2011 to December 2015, and a representative for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities of the SFC both from September 2012 to February 2016.

Mr. XU Ke, Executive Director

Mr. Xu, aged 47, graduated from the Zhejiang University of Science and Technology with a bachelor's degree in electrical engineering. He worked in China Construction Bank, Zhejiang Branch from 1991 to 1999, and was the director of China Cinda Asset Management Co., Ltd., Zhejiang Branch from 1999 to February 2016. During that period, he was also the director and assistant to general manager of Zhejiang Cinda Asset Management Co., Ltd. from 2007 to 2010, and was the director and general manager of Zhejiang Development Cinda Asset Management Co., Ltd.*（浙江發展信達投資管理有限公司）from 2008 to 2010.

Mr. MAO Kangfu, Independent Non-executive Director

Mr. Mao, aged 65, has over 20 years of experience in the areas of construction engineering and infrastructure management. From December 1984 to December 1993, he was the general manager of Zhejiang Wenzhou Dongfang Shipyard*（浙江溫州東方船廠）, a company principally engaged in shipbuilding, where he was responsible for the management and supervision of the shipyard. From January 1994 to June 1996, he was the general manager of Wenzhou Mechanic Company*（溫州機械總公司）, a company principally engaged in the manufacturing of machinery, where he was responsible for the overall management and supervision of the company. From July 1996 to June 1998, he was the chairman of Wenzhou Economic and Trade Commission（溫州經濟與貿易委員會）, a commission of city level which is responsible for the management of economic and trading activities in Wenzhou, where he was responsible for the management and supervision of the commission. From July 1998 to June 2003, Mr. Mao was the vice mayor of Wenzhou. From July 2003 to June 2006, he was the chairman of Zhejiang Jinwen Railway Group Company*（浙江金溫鐵路集團公司）, a company principally engaged in the development and management of Zhejiang railway, where he was responsible for the management of the board of the company and business development and operation of the company. From July 2006 to August 2008, he was the general manager of Zhejiang Airport Authority*（浙江機場管理公司）, a company principally engaged in the management of airports in Zhejiang, where he was responsible for the overall management and supervision of the company.

Mr. Mao graduated from Xinjiang Normal University (新疆師範大學)(formerly known as Xinjiang Kashi Normal College (新疆喀什師範專科學校)) of the PRC in June 1977.

Dr. GAO Bin, Independent Non-executive Director

Dr. Gao, aged 53, currently serves as a special term professor at PBC School of Finance of Tsinghua University. Dr. Gao graduated from the University of Science and Technology of China with a bachelor degree in space physics in 1985. He earned an Master of Arts from Princeton University in astrophysics and he has received his Doctor of Philosophy degree in Finance and International Business from Stern School of Business of the New York University in 1996.

He was a tenured associate professor of finance at University of North Carolina-Chapel Hill (2003-2005), a senior vice president of Lehman Brothers Inc. (2004-2005) and a managing director of Merrill Lynch Japan Securities Co. Ltd (2005-2009) and Merrill Lynch (Asia Pacific) Ltd (2010-2014). He was the head of strategy for Guard Capital Management (2014- 2015) and has extensive knowledge and experience in foreign exchange, fixed income, equity and commodity investment.

Ms. LIU Yan, Independent Non-executive Director

Ms. Liu, aged 45, graduated from Central University of Finance & Economics (Beijing) with a bachelor's degree in Economics in 1992. She obtained a master's degree in business administration from University of Rochester (Rochester, NY) in 2005. Ms. Liu is a member of Chinese Institute of Certified Public Accountants (CICPA). She has over 20 years of experience in auditing, financial management, taxation and fund management and worked for PricewaterhouseCoopers (Guangzhou, China), Barclays Capital (New York City), Angelo Gordon Asia Limited (Hong Kong and New York) and China Everbright Limited (Hong Kong).

11. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong	Suite 1206-1209,12th Floor Three Pacific Place 1 Queen's Road East Hong Kong

Authorised Representatives	Mr. Hu Yebi Suite 1206-1209,12th Floor Three Pacific Place 1 Queen's Road East Hong Kong
	Mr. Cheng Sik Kong Suite 1206-1209,12th Floor Three Pacific Place 1 Queen's Road East Hong Kong
Company Secretary	Mr. Cheng Sik Kong (fellow member of the Hong Kong Institute of Certified Public Accountants, fellow member of the Association of Chartered Certified Accountants)
Auditor and reporting accountant	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
Branch Share Registrar and Transfer Office in Hong Kong	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Underwriters	Haitong International Securities Company Limited 22/F., Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	TAI Capital LLC Floor 4, Willow House, Cricket Square P.O. Box 2804 Grand Cayman KY1-1112 Cayman Islands
Financial adviser to the Company	Optima Capital Limited Suite 1501, 15th Floor Jardine House 1 Connaught Place Central Hong Kong
Legal adviser to the Company	*As to Hong Kong Law* Sidley Austin 39/F, Two Int'l Finance Centre Central Hong Kong

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Hercules Capital Limited 1503 Ruttonjee House 11 Duddell Street Central Hong Kong

11. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be not less than approximately HK$14 million and are payable by the Company.

12. 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 up to the date of the SGM:

(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 letter from Hercules Capital as set out in this circular;

(iv) the 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 II to this circular;

(v) the material contracts referred to under the paragraph headed "6. Material Contracts" in this appendix;

(vi) the written consents referred to in the paragraph headed "8. Qualification and Consent of Experts" in this appendix; and

(vii) this circular.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 718)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Tai United Holdings Limited (the "**Company**") will be held at 10:00 a.m. on Tuesday, 11 October 2016 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT** subject to and conditional upon the Underwriting Agreement (as defined in the circular of the Company dated 23 September 2016 (the "**Circular**")) becoming unconditional and not being terminated in accordance with its terms:

   (a) the issue by way of rights (the "**Rights Issue**") of 3,002,184,872 ordinary shares of HK$0.05 each of the Company (the "**Rights Shares**") to the shareholders (the "**Qualifying Shareholders**") of the Company whose names appear on the register of members of the Company at 5:00 p.m. on Friday, 21 October 2016 (the "**Record Date**") (or such other date as the Company may determine and notify to the Underwriters (as defined in the Circular) in writing) other than those shareholders of the Company whose registered addresses as shown on the register of members of the Company as at 5:00 p.m. on the Record Date are in any place outside Hong Kong and whom the board of directors of the Company (the "**Board**"), based on the enquiry made by the Board, consider it necessary or expedient not to offer the Rights Shares to such shareholders (the "**Non-qualifying Shareholders**") on account of the legal restrictions under the laws of the relevant overseas place(s) and/or the requirements of the relevant regulatory body or stock exchange in such place(s), in the proportion of two (2) Rights Shares for every one (1) existing share of the Company then held on the Record Date at the subscription price of HK$1.00 per Rights Share and otherwise on the terms and conditions set out in the Circular be and is hereby approved;

   (b) the Underwriting Agreement dated 1 September 2016 entered into between the Company, Tai He Financial Group Limited, Haitong International Securities Company Limited and TAI Capital LLC in relation to the Rights Issue and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) the Board or a committee thereof be and is hereby authorised to allot and issue the Rights Shares (in both nil-paid and fully-paid forms) pursuant to or in connection with the Rights Issue on the terms and conditions set out in the Circular and to make such exclusions or other arrangements in relation to the Non-qualifying Shareholders and/or fractional entitlements and to make such arrangements for application by the Shareholders (other than the Non-qualifying Shareholders) for the Rights Shares in excess of their entitlement under the Rights Issue, as it may, at its absolute discretion, deem necessary, desirable or expedient;

(d) the performance of all transactions contemplated under the Rights Issue be and is hereby approved, confirmed and ratified and any director of the Company be and is hereby authorised to do all acts, deeds and things and to sign and execute all documents as he/she may, at his/her absolute discretion, deem necessary, desirable or expedient to carry out or to give effect to the Rights Issue, the Underwriting Agreement and any or all transactions contemplated thereunder."

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

Hong Kong, 23 September 2016

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and 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 above meeting is entitled to appoint one or more proxies to attend or vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) To be effective, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar 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) In the case of joint holders of a share, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto. But if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(4) As at the date of this notice, the Board comprises Dr. Meng Zhaoyi, Dr. Liu Hua, Mr. Hu Yebi, Mr. Chen Weisong and Mr. Xu Ke as executive Directors and Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan as independent non-executive Directors.

(5) In case of any inconsistency, the English version of this notice shall prevail over the Chinese version.