
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 to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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**PROPOSED SHARE PREMIUM CANCELLATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening a special general meeting of the Company (the “**Special General Meeting**”) to be held at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on Monday, 30 October 2017 at 11:00 a.m., is set out on pages SGM-1 to SGM-2 of this circular.

Whether or not you intend to attend and vote in person at the Special General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event by 11:00 a.m., on Saturday, 28 October 2017 or not less than 48 hours before the time appointed for the holding of the adjourned Special General Meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof (as the case may be) should you so desire. In such event, the form of proxy previously submitted shall be deemed to be revoked.

28 September 2017

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DEFINITIONS

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

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 718)
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Effective Date”	the date of the Special General Meeting, being the date on which the Proposed Share Premium Cancellation will be completed and become effective (subject to the fulfillment of the conditions set forth in the section headed “Conditions of the Proposed Share Premium Cancellation” in this circular)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 September 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Share Premium Cancellation”	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws

DEFINITIONS

“Share(s)”	ordinary share(s) of par value of HK\$0.05 each in the share capital of the Company
“Share Premium Account”	the share premium account of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Special General Meeting”	a special general meeting of the Company to be held at which the special resolution approving the Proposed Share Premium Cancellation will be considered and, if thought fit, approved by the Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

EXPECTED TIMETABLE

The expected timetable for implementation of the Proposed Share Premium Cancellation is as follows:

Event	Time and Date
	2017
Latest time for lodging transfer of Shares to qualify for attendance and voting at the Special General Meeting	4:30 p.m. on Tuesday, 24 October
Register of members of the Company closed for registration of transfer of Shares	Wednesday, 25 October to Monday, 30 October (both days inclusive)
Latest time and date for lodging forms of proxy for the Special General Meeting (not less than 48 hours prior to the time of the Special General Meeting)	11:00 a.m., Saturday, 28 October
Time and date of the Special General Meeting	11:00 a.m., Monday, 30 October
Publication of announcement of poll results of the Special General Meeting	Monday, 30 October
Effective date of the Proposed Share Premium Cancellation (<i>Note</i>)	Monday, 30 October

All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) as and when appropriate.

Note: The effectiveness of the Proposed Share Premium Cancellation is conditional upon the Company having complied with all statutory requirements in connection with the Proposed Share Premium Cancellation.

LETTER FROM THE BOARD



Executive Directors:

Dr. Meng Zhaoyi (*Acting Chairman and
Chief Executive Officer*)
Mr. Xu Ke
Mr. Ye Fei
Dr. Liu Hua
Mr. Wang Qiang

Independent Non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

***Head office and principal place
of business in Hong Kong:***

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

28 September 2017

To the Shareholders

Dear Sir or Madam,

**PROPOSED SHARE PREMIUM CANCELLATION
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Directors wish to seek the approval of the Shareholders at the Special General Meeting for the Proposed Share Premium Cancellation.

The purpose of this circular is to provide you with details of the Proposed Share Premium Cancellation, and to give you notice of the Special General Meeting at which a special resolution approving the Proposed Share Premium Cancellation will be considered and, if thought fit, approved by the Shareholders. A notice of the Special General Meeting containing such resolution to be proposed at the Special General Meeting is set out on pages SGM-1 to SGM-2 of this circular.

LETTER FROM THE BOARD

PROPOSED SHARE PREMIUM CANCELLATION

Reference is made to the announcement of the Company dated 11 September 2017.

The Board intends to put forward for approval by the Shareholders at the Special General Meeting a proposal to cancel the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and to authorise the Board to apply such amount in such manner as permitted under the laws of Bermuda and the Bye-laws.

Reason for the Proposed Share Premium Cancellation

Under the Companies Act, where the Company issues Shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium on those Shares shall be transferred to the Share Premium Account. The Company shall not declare or pay a dividend or make a distribution out of the Share Premium Account as share premium is treated as if it were paid up share capital of the Company under the Companies Act.

Pursuant to the Companies Act and the Bye-laws, subject to compliance with the conditions stated in the relevant provisions, the Company may pay dividends or make distributions to the Shareholders out of the Contributed Surplus Account. The Proposed Share Premium Cancellation and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company, thereby giving the Company greater flexibility in its dividend policy and making distributions to the Shareholders in the future as the Board considers appropriate. Subject to approval by the Shareholders of the Proposed Share Premium Cancellation, the amount standing to the credit of the Contributed Surplus Account may be used to set off the accumulated losses of the Company that may arise from time to time.

The Board therefore considers that the Proposed Share Premium Cancellation is in the best interests of the Company and the Shareholders as a whole.

Effects of the Proposed Share Premium Cancellation

The implementation of the Proposed Share Premium Cancellation does not involve any reduction in the authorised or issued share capital of the Company, or any reduction in the nominal value of the Shares or alteration of the trading arrangements concerning the Shares.

Save for the expenses to be incurred by the Company in relation to the Proposed Share Premium Cancellation, the Board considers that the implementation of the Proposed Share Premium Cancellation will not have a material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

Based on the unaudited financial statements of the Company as at 30 June 2017, the amounts standing to the credit of the Share Premium Account and the Contributed Surplus Account as at 30 June 2017 were HK\$4,926,818,000 and HK\$159,393,000 respectively while the accumulated loss of the Company as at 30 June 2017 amounted to approximately HK\$155,747,000. The balances of the Share Premium Account and the Contributed Surplus Account have not changed since 30 June 2017 and up to the Latest Practicable Date.

LETTER FROM THE BOARD

Conditions of the Proposed Share Premium Cancellation

The Proposed Share Premium Cancellation will be conditional upon:

- (a) the passing of a special resolution by the Shareholders approving the Proposed Share Premium Cancellation at the Special General Meeting;
- (b) compliance with the requirements of section 46(2) of the Companies Act to effect the Proposed Share Premium Cancellation; and
- (c) the Directors having satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date will be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the conditions above, the Proposed Share Premium Cancellation will be completed and become effective on the Effective Date.

WARNING

Shareholders and potential investors of the Company should note that the Proposed Share Premium Cancellation is conditional upon satisfaction of the conditions set out in this circular. Therefore, the Proposed Share Premium Cancellation may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company. If they are in any doubt, they should consult their professional advisers.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting to be held at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on Monday, 30 October 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, passing the resolution as set out therein. The vote of the Shareholders at the Special General Meeting will be taken by poll in accordance with Rule 13.39(4) of the Listing Rules and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

For the purpose of determining the Shareholders who are entitled to attend and vote at the Special General Meeting, the register of members of the Company will be closed from Wednesday, 25 October 2017 to Monday, 30 October 2017 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the Special General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with 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 by 4:30 p.m. on Tuesday, 24 October 2017.

LETTER FROM THE BOARD

A form of proxy for use by the Shareholders at the Special General Meeting is enclosed. Whether or not the Shareholders intend to attend and vote in person at the Special General Meeting, the Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it 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 but in any event by 11:00 a.m., on Saturday, 28 October 2017 or not less than 48 hours before the time appointed for holding the adjourned Special General Meeting (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the Special General Meeting or any adjournment thereof (as the case may be) if you so wish. In such event, the form of proxy previously submitted shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Proposed Share Premium Cancellation. The Directors are not aware of any Shareholder who will be required to abstain from voting at the Special General Meeting pursuant to the Listing Rules and/or the Bye-laws.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Directors are of the opinion that the special resolution in relation to the Proposed Share Premium Cancellation as set out in the notice of the Special General Meeting is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of such resolution.

Yours faithfully,
For and on behalf of the Board
Tai United Holdings Limited
Meng Zhaoyi
Acting Chairman and Chief Executive Officer

NOTICE OF SPECIAL GENERAL MEETING



NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Tai United Holdings Limited (the “**Company**”) will be held at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on Monday, 30 October 2017 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** conditional upon compliance by the Company with the relevant procedures and requirements under the laws of Bermuda and the bye-laws of the Company to effect the cancellation of share premium account referred to below, and with effect from the date of passing of this resolution or upon the date on which the condition is fulfilled (whichever is the later) (the “**Effective Date**”):

- (a) the entire amount standing to the credit of the share premium account of the Company as at the Effective Date be and is hereby reduced to nil (the “**Cancellation**”);
- (b) the credits arising from the Cancellation be entirely transferred to the contributed surplus account of the Company (the “**Contributed Surplus Account**”) within the meaning of the Companies Act 1981 of Bermuda (as amended);
- (c) the board of directors of the Company (the “**Board**”) or a committee thereof be and is hereby authorised to utilise and apply any credit balance of the Contributed Surplus Account to eliminate or to set off the accumulated losses of the Company as at the Effective Date and/or to eliminate or to set off the accumulated losses of the Company which may arise from time to time and/or to pay dividend and/or to make any other distribution out of the Contributed Surplus Account from time to time without further authorisation from the shareholders of the Company and/or to use the credit in such other manner as may be permitted under the bye-laws of the Company in effect from time to time and all applicable laws without further authorisation from the shareholders of the Company and all such actions in relation thereto be approved, confirmed and ratified; and

NOTICE OF SPECIAL GENERAL MEETING

- (d) the Board or a committee thereof be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Cancellation.”

By Order of the Board
Tai United Holdings Limited
Meng Zhaoyi
Acting Chairman and Chief Executive Officer

Hong Kong, 28 September 2017

Registered office:
Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

*Head office and principal place
of business in Hong Kong:*
Suites 1206-1209, 12th Floor
Three Pacific Place
1 Queen’s Road East
Hong Kong

Notes:

1. For the purpose of determining the shareholders who are entitled to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 25 October 2017 to Monday, 30 October 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with 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 by 4:30 p.m. on Tuesday, 24 October 2017.
2. A shareholder entitled to attend and vote at the meeting may appoint another person as his proxy to attend and to vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. In the case of joint holders of any share, any one of such persons may vote at the said meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders is present at the said meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
4. A form of proxy for use at the meeting is enclosed with the circular of the Company dated 28 September 2017 (the “**Circular**”) despatched to its shareholders.
5. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at 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 by 11:00 a.m., on Saturday, 28 October 2017 or not less than 48 hours before the adjourned meeting (as the case may be). Completion and return of a form of proxy will not preclude shareholders from attending and voting in person should they so desire. In such event, the form of proxy previously submitted shall be deemed to be revoked.
6. As set out in the Letter from the Board included in the Circular, the resolution set out in this notice shall be voted on by poll and the board of directors of the Company recommends the shareholders to vote in favour of the resolution to be proposed at the meeting. Please refer to the Circular for details of the matters for which the resolution is concerned.