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**MAJOR TRANSACTION
IN RELATION TO
THE DISPOSAL OF A PROPERTY HOLDING COMPANY**

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

A letter from the Board is set out on pages 5 to 12 of this circular.

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

26 October 2018

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix I — Financial Information of the Group	I-1
Appendix II — Valuation Report of the Property	II-1
Appendix III — General Information	III-1

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong and the PRC (other than a Saturday, Sunday or public holiday in Hong Kong or the PRC)
“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
“Completion”	completion of the Disposal, meaning completion of the Hand Over and all procedures in relation to the transfer of Sale Shares to the Purchaser (including but not limited to the procedures for registration of such change) and obtaining the new business registration certificate
“Completion Date”	the date of Completion
“Conditions Precedent”	conditions precedent to the effective date of the Sale and Purchase Agreement
“Consideration”	total consideration for the Sale Shares and Sale Debts
“Control Account”	a bank account in the name of the Seller, to be opened within 3 Business Days upon the effective date of the Sale and Purchase Agreement
“Designated Account”	a bank account designated by the Seller
“Ding Long”	廣東鼎龍實業集團有限公司 (unofficial English translation being Guangdong Dinglong Shiye Group Co., Ltd.), the purchaser under the MOU
“Director(s)”	the director(s) of the Company
“Disposal”	the Disposal by the Seller of the Sale Shares and the Sale Debts
“Escrow Account”	a bank account in the name of the Purchaser, to be opened within 3 Business Days upon the effective date of the Sale and Purchase Agreement

DEFINITIONS

“Group”	the Company and its subsidiaries
“Guarantor”	宏融投資控股(深圳)有限公司 (unofficial English translation being Hongrong Investment Holdings (Shenzhen) Co., Ltd.), a company incorporated in the PRC with limited liability, an indirect wholly owned subsidiary of the Company and the holding company of the Seller
“Hand Over”	transferring all the assets, corporate documents, company chops or any other documents of the Target as set out in appendix 5 of the Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party who is not a connected person (within the meaning of the Listing Rules) of the Company and associates (within the meaning of the Listing Rules) of such connected persons
“Independent Valuer”	APAC Asset Valuation and Consulting Limited
“Latest Practicable Date”	23 October 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the Memorandum of Understanding dated 15 June 2018 entered into between the Company and Ding Long in relation to, among others, the Disposal
“PRC”	the People’s Republic of China, which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Companies”	certain companies incorporated in the PRC with limited liability held by Independent Third Parties which are responsible for management of the Property
“Property”	the property known as “杭州溫德姆至尊豪廷大酒店” (“Wyndham Grand Plaza Royale Hangzhou Hotel”) situated at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC

DEFINITIONS

“Property Alteration”	after having obtained all necessary governmental or other approval(s) and completion of all necessary procedures, completion of demolition or alteration of the Property so that the Property is accessible from the adjacent main road(s) pursuant to the Sale and Purchase Agreement
“Purchaser”	廣州格菲黃金商貿有限公司 (unofficial English translation being Guangzhou Ge Fei Golden Commerce Co., Ltd), a company incorporated in the PRC with limited liability, the nominee of Ding Long
“Remaining Group”	the Company and its subsidiaries upon Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 August 2018 made between the Purchaser, the Seller (a wholly-owned subsidiary of the Company) and the Guarantor (a wholly-owned subsidiary of the Company) in relation to the Disposal
“Sale Debts”	the entire shareholder’s loan owing by the Target to the Seller as at Completion
“Sale Shares”	all the issued shares of the Target
“Seller”	西藏宏融資產管理有限公司 (unofficial English translation being Xizang Hongrong Asset Management Co., Ltd.), a company incorporated in the PRC with limited liability and is an indirect wholly owned subsidiary of the Company
“Seller’s Warranties”	warranties or representations made by the Seller and the obligations of the Seller under the Sale and Purchase Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Songbird”	Songbird SG PTE. LTD., a Shareholder, together with Tai He own 3,937,234,889 shares of the Company in aggregate, representing approximately 74.99% of the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai He”	Tai He Financial Group Limited, a Shareholder, together with Songbird own 3,937,234,889 shares of the Company in aggregate, representing approximately 74.99% of the issued share capital of the Company
“Target”	杭州太榮資產管理有限公司 (unofficial English translation being Hangzhou Tai Rong Asset Management Co., Ltd), a company incorporated in the PRC with limited liability, which is wholly-owned by the Seller
“sq.m.”	square meter
“%”	per cent.

LETTER FROM THE BOARD



(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

Executive Directors:

Mr. Chen Weisong (*Chief Executive Officer*)

Mr. Xu Ke

Mr. Wang Qiang

Dr. Kwong Kai Sing Benny

Registered office:

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2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Dr. Gao Bin

Ms. Liu Yan

Mr. Tang King Shing

Principal place of

business in Hong Kong:

Room 2902, 29th Floor,

China United Centre,

28 Marble Road,

North Point,

Hong Kong

26 October 2018

To the Shareholders

Dear Sir or Madam

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF A PROPERTY HOLDING COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 31 August 2018. The Company announced that on 31 August 2018, the Purchaser, the Seller (a wholly-owned subsidiary of the Company), the Guarantor (a wholly-owned subsidiary of the Company and the holding company of the Seller) and the Target entered into the Sale and Purchase Agreement, pursuant to which the Seller had agreed to sell, and the Purchaser had agreed to acquire, (i) the Sale Shares, representing the entire paid up registered capital of the Target; and (ii) the Sale Debts, representing the entire shareholder's loan owing by the Target to the Seller as at Completion for a total consideration of RMB1,550 million. The Seller shall also procure, on a best effort basis, the sale of the PRC Companies to the Purchaser prior to Completion.

LETTER FROM THE BOARD

The Target is a property holding company and the Property comprises a 10-storey hotel property of aggregate gross floor area of approximately 44,390 sq.m., accommodating high-ended restaurants, swimming pools, entertainments venue and car park facilities, and is currently leased to certain Independent Third Parties.

The purpose of this circular is to provide you with (i) further details of the Sale and Purchase Agreement, (ii) further information on the Target and the Property, (iii) valuation report of the Property, and (iv) other information as required under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement.

Date	:	31 August 2018
Purchaser	:	廣州格菲黃金商貿有限公司 (unofficial English translation being Guangzhou Ge Fei Golden Commerce Co., Ltd), being the nominee of Ding Long
Seller	:	西藏宏融資產管理有限公司 (unofficial English translation being Xizang Hongrong Asset Management Co., Ltd.), an indirect wholly-owned subsidiary of the Company
Guarantor	:	宏融投資控股(深圳)有限公司 (unofficial English translation being Hongrong Investment Holdings (Shenzhen) Co., Ltd.), an indirect wholly-owned subsidiary of the Company and the holding company of the Seller
Target	:	杭州太榮資產管理有限公司 (unofficial English translation being Hangzhou Tai Rong Asset Management Co., Ltd), a company incorporated in the PRC with limited liability, which is wholly-owned by the Seller

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party. The Purchaser is a company incorporated in the PRC with limited liability and is principally engaged in (i) retail business including but not limited to selling various gold, crystal, jade, diamond and platinum products; (ii) jewelry design; (iii) hotel management; and (iv) catering management. As at the Latest Practicable Date, the Purchaser is owned as to 60% by Xie Haiyan (謝海燕) and 40% by Deng Shangquan (鄧上泉).

LETTER FROM THE BOARD

Assets to be disposed of

The Seller has agreed to sell the Sale Shares and the Sale Debts to the Purchaser pursuant to the terms of the Sale and Purchase Agreement.

The Sale Shares represent the entire paid up registered capital of the Target and are owned by the Seller. The Sale Debts represent the entire shareholder's loan owing by the Target to the Seller as at Completion and as at 31 August 2018 and the Latest Practicable Date, such sum amounted to approximately RMB780 million.

Consideration and Payment Term

The Consideration of the Disposal shall be RMB1,550 million, of which, (i) the purchase price for the assignment of Sale Debts shall be equal to the value of the Sale Debts as at Completion (and as at 31 August 2018 and the Latest Practicable Date, such sum amounted to approximately RMB780 million); and (ii) the purchase price for the Sale Shares shall equal to the difference between the Consideration and the purchase price for the Sale Debts. The Consideration shall be settled in the following manner:

- (1) RMB30 million ("**Earnest Money**") was paid by Ding Long upon signing of the MOU and shall be returned to Ding Long within 2 Business Days by the Seller upon receipt of the Control Account Payment (defined below);
- (2) RMB155 million within 3 Business Days upon the opening of the Control Account, to be deposited by the Purchaser to the Control Account ("**Control Account Payment**");
- (3) upon completion of the Property Alteration and within 3 Business Days upon receipt of payment notification from the Seller, RMB635.5 million to be deposited by the Purchaser to the Escrow Account ("**Escrow Account Payment**");
- (4) within 10 Business Days upon Escrow Account Payment made by the Purchaser, all procedures in relation to the registration of the transfer of Sale Shares to be completed by the Seller with the assistance of the Purchaser, failing which the Control Account Payment and Escrow Account Payment to be returned to the Purchaser (save and except for any delay caused otherwise than by the Seller's fault);
- (5) on Completion Date, the Purchaser and the Seller shall enter into a share pledge agreement ("**Share Pledge Agreement**") pursuant to which the Sale Shares shall be pledged by the Purchaser to the Seller ("**Pledged Shares**") to secure the payment of the Balance of Consideration (defined below). The Purchaser shall be responsible for registration of the Share Pledge Agreement within the specific time stipulated under the Sale and Purchase Agreement;
- (6) within 3 Business Days upon Completion Date, the Control Account Payment and the Escrow Account Payment to be transferred to the Designated Account;

LETTER FROM THE BOARD

- (7) as to the remaining balance of RMB759.5 million (“**Balance of Consideration**”),
- (i) in case there is no breach of any of the Seller’s Warranties, within 45 Business Days upon Completion Date, to be paid into the Designated Account; and
 - (ii) in case there is a breach of any of the Seller’s Warranties, after deducting the amount that the Seller shall be liable to pay to the Purchaser be reason of the breach, the remaining of the Balance of Consideration to be paid into the Designated Account (if the amount that the Seller shall be liable to pay to the Purchaser exceeds the amount of the Balance of Consideration, the Purchaser shall be entitled to seek further compensation from the Seller); and
- (8) within 5 Business Days upon payment of the Balance of Consideration, the Purchaser shall, with the assistance of the Seller, discharge the Share Pledge Agreement.

Hand Over shall be completed upon completion of all procedures in relation to the transfer of Sale Shares and obtaining the new business registration certificate of the Target.

The Consideration of the Disposal was agreed between the Seller and the Buyer after arm’s length negotiations on normal commercial terms with reference to the following: (i) the preliminary valuation of the Property of RMB1,400 million as at 31 July 2018 (“**Valuation**”) conducted by APAC Appraisal and Consulting Limited, an independent valuer; (ii) the adjusted net asset value of the Target as at 31 July 2018 (after taking into account the Valuation), being approximately RMB686 million; and (iii) the amount of Sale Debts as at 31 July 2018 and the Latest Practicable Date, being approximately RMB780 million. The Directors are therefore of the view that the Consideration is fair and reasonable. The full text of the valuation report prepared by APAC Appraisal and Consulting Limited is set out in Appendix II to this circular.

Conditions Precedent to the Effective Date of the Sale and Purchase Agreement

The effective date of the Sale and Purchase Agreement is conditional upon obtaining approval from the Board and the Shareholders approving the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, all Conditions Precedent have been satisfied.

Completion

Completion shall take place upon the completion of the Hand Over and the completion of all procedures in relation to the transfer of Sale Shares (including but not limited to the procedures for registration of such change) and obtaining the new business registration certificate of the Target.

LETTER FROM THE BOARD

Seller's Undertakings

Reference is also made to the announcement of the Company dated 21 November 2016 and the circular of the Company dated 25 January 2017. As disclosed in such announcement and circular, pursuant to the auction acknowledgement as referred to therein, the Group has undertaken that upon completion of the then acquisition, the operation of the Property as hotel under the name of “Wyndham Grand Plaza Royale Hangzhou Hotel” shall continue, and no existing staff of the hotel shall be laid off due to such acquisition. In light of such undertaking, the Group has also imposed an undertaking to the Purchaser in the Sale and Purchase Agreement of similar effect.

As it was the mutual intention of the Seller and the Purchaser that the Property, which is, in substance, the subject matter for the Disposal, should continue to be operated as a hotel and the Disposal is made on that basis, the Seller has given certain representations and/or warranties in relation to (i) the continuance of operation of the Property as a hotel and (ii) the contingent liabilities, if any, that the Target or the PRC Companies may have incurred from 1 January 2017 (after the Group acquired the Property) till the Completion Date, provided that any claim by the Purchaser shall be time barred after 180 days upon Completion and that the maximum liability of the Seller under the Sale and Purchase Agreement in aggregate shall not be greater than 10% of the total Consideration.

INFORMATION ON THE TARGET AND THE PROPERTY

The Target is the sole legal and beneficial owner of the Property.

The Property is a hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC and is commonly known as “Wyndham Grand Plaza Royale Hangzhou Hotel”. It is accredited as a five-star hotel by the China National Tourism Administration. It is located in the heart of Hangzhou city, right at the north east shore of the West Lake and is surrounded by various attractions including famous scenery and shopping malls.

The Property comprises a 10-storey hotel property with 360 rooms including guest rooms, conference room, shops and service apartments with an aggregate gross floor area of approximately 44,390 sq.m., accommodating high-ended restaurants, swimming pools, entertainment venues and car park facilities.

LETTER FROM THE BOARD

Set out below is a summary of the unaudited financial information of the Target for the period from 29 April 2016 (being the date of incorporation) to 31 December 2016 and the year ended 31 December 2017:

	For the period from 29 April 2016 (being the date of incorporation) to 31 December 2016 RMB'000 (approximately)	For the year ended 31 December 2017 RMB'000 (approximately)
Revenue	767	79,214
Net profit before taxation	270,699	68,868
Net profit after taxation	141,067	94,225

The unaudited total asset value and net asset value of the Target as at 30 June 2018 was approximately RMB1,507 million and RMB670 million respectively.

Upon Completion, the Target will cease to be an indirect wholly-owned subsidiary of the Company and its financial results will cease to be consolidated into the Group's financial statements.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the PRC with limited liability. The Purchaser is principally engaged in (i) retail business including but not limited to selling various gold, crystal, jade, diamond and platinum products; (ii) jewelry design; (iii) hotel management; and (iv) catering management.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, (i) the Purchaser, being the nominee of Ding Long, is an affiliate of Ding Long; and (ii) each of the Purchaser and Ding Long and their respective ultimate beneficial owner(s) is an Independent Third Party. As at the Latest Practicable Date, the Purchaser is owned as to 60% by Xie Haiyan (謝海燕) and 40% by Deng Shangquan (鄧上泉).

FINANCIAL EFFECTS OF THE DISPOSAL ON THE GROUP

Earnings

According to the difference in amount between (i) the Consideration and (ii) the aggregate of (aa) the estimated unaudited net asset value of the Target as at 30 June 2018; (bb) the amount

LETTER FROM THE BOARD

of the Sale Debts; and (cc) the estimated expenses in connection with the Disposal, the Group expected that the Disposal will generate (before tax) an unaudited gain of approximately RMB98.7 million. The actual amount of gain or loss from the Disposal is subject to the review and final audit by the auditors of the Company. The Consideration is at a premium to the net asset value of the Target, due to the difference between the gain from disposal of the Target and the net asset value of the Target.

As a result of the Disposal, the Group will no longer receive any rental income from leasing of the Property.

Assets and liabilities

Total Assets and Total Liabilities

It is expected that the Disposal will result in an increase in the total assets of the Group by approximately RMB43 million and a decrease in the total liabilities of the Group by approximately RMB115 million. Shareholders should note that such figures are for illustration purpose only and is subject to audit.

Net Assets

Given that the completion of the Disposal is expected to generate an unaudited gain of approximately RMB98.7 million to the Group, the consolidated net asset value of the Group is expected to increase by approximately RMB98.7 million upon Completion. The actual increase or decrease is subject to audit.

VALUATION

Based on the valuation report, the value of the Property is RMB1,400 million as at 31 July 2018. For details of the valuation of the Property, please refer to the valuation report in Appendix II to this circular.

REASONS FOR AND BENEFIT OF THE DISPOSAL

The Group is principally engaged in: (i) property investment; (ii) distressed debt assets management; (iii) commodity trading; (iv) securities investment; (v) financial services; and (vi) mining and exploitation of natural resources.

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximizing returns to the Shareholders. In light of the estimated gain that will be recorded by the Company from the Disposal, the Directors consider the Disposal represents an opportunity for the Group to realise its investment in the Target and in substance, the Property, so as to enable the Group to reallocate more financial resources on future potential investment opportunities of the Group.

LETTER FROM THE BOARD

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

USE OF PROCEEDS

Out of the net proceeds from the Disposal, the Company intends to apply approximately RMB250 million as the Group's general working capital and approximately RMB1,300 million as funds reserved for future potential investment opportunities as and when they arise.

As at the Latest Practicable Date, the Group has not identified any specific potential targets for investment and has not entered into any agreement in relation to any potential new project.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and will accordingly be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the Sale and Purchase Agreement, Tai He and Songbird together owned 3,937,234,889 Shares in aggregate, representing approximately 74.99% of the issued share capital of the Company. As no Shareholder has any material interest in the Disposal and no Shareholder would be required to abstain from voting if the Company were to convene a special general meeting to approve the Disposal, the Company has obtained a written approval from Tai He and Songbird for approving the Disposal under Rule 14.44 of the Listing Rules. As such, no special general meeting of the Company will be convened by the Company to approve the Disposal and the transactions contemplated thereunder.

GENERAL INFORMATION

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

Yours faithfully
By Order of the Board
Tai United Holdings Limited
Cheng Weisong
Chief Executive Officer

1. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2018

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2018 are set out on pages 26 to 97 of the interim report of the Company for the six months ended 30 June 2018, which has been published on the website of the Company (<http://www.irasia.com/listco/hk/taiunited/index.htm>) and the website of the Stock Exchange (www.hkexnews.hk), and which can be accessed by the direct hyperlink <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0926/LTN20180926417.pdf>.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 March 2016, for the nine months end 31 December 2016 and for the year ended 31 December 2017 are disclosed in the annual reports of the Company in respect of the respective year, which have been published on the website of the Company (<http://www.irasia.com/listco/hk/taiunited/index.htm>) and the website of the Stock Exchange (www.hkexnews.hk), and which can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 March 2016 (pages 48 to 124):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0726/LTN20160726410.pdf>

- (2) annual report of the Company for nine months end 31 December 2016 (pages 80 to 246):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0427/LTN201704271727.pdf>

- (3) annual report of the Company for the year ended 31 December 2017 (pages 79 to 250):

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0427/LTN201804272182.pdf>.

3. STATEMENT OF INDEBTEDNESS

As of the close of business on 31 August 2018, 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\$570.7 million.

Bank borrowings

The total carrying amounts of the Group's outstanding bank borrowings as at 31 August 2018 were approximately HK\$439.2 million. The bank borrowings were unguaranteed and secured by investment properties, bank deposits, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group.

Margin financing loan

The Group's outstanding margin financing loan as at 31 August 2018 was approximately HK\$14.0 million which was unguaranteed and secured by held-for-trading investments owned by a subsidiary of the Group.

Loan from a related company

The Group's outstanding unguaranteed and unsecured loan from a related company as at 31 August 2018 were approximately HK\$117.5 million.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills and other payables in the ordinary course of the business, as at the close of business on 31 August 2018, the Group did not have other material debt securities issued and outstanding or authorised or otherwise created but unissued, mortgage, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. WORKING CAPITAL

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

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 June 2018, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited financial statements of the Group were made up.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The global economic growth in the first half of 2018 has been clouded by various risks and uncertainties, such as rising interest rates, continuously rising debt level, geopolitical tensions and trade protectionism. In response to the increasing market volatility triggered by such factors, the Group has adopted a more prudent approach on managing its investment portfolio through acquiring assets with good investment returns and/or growth potentials to ensure the financial position of the Group will not be unreasonably adversely affected. The Group will continue to carefully explore every acquisition opportunity across the globe and proceed our business development plan with caution to bolster corporate resilience against any possible issues and threats arising from international financial uncertainties.

The Group has seized various investment opportunities over the last two years to acquire certain asset investments, including real estates, securities, financial instruments and distressed assets, at relatively competitive prices. As global economy has been growing steadily, the asset market valuations have been driven up accordingly. The Group will therefore actively identify suitable opportunities to realize the capital gains from these assets and to improve the cash flow of the Group. Proceeds from such realization are anticipated to be utilized for possible future acquisitions, reducing corporate gearing and/or distribution to Shareholders, wherever and whenever the Board considers appropriate and is in the interest of the Company and its Shareholders as a whole.

Although the global economy stands on the brink of significant structural upheaval influencing by disruptive forces of technological advancement, societal changes and resource constraints, selected investment themes are expected to benefit from those trends and offer superior growth over time. Adhering to the principle of continuation of business development while effectively controlling financial risks exposure at the same time, the Company is confident that it is able to identify and grasp future investment opportunities to bring sustainable profit growth and maximize long-term investment returns for the Shareholders.

The following is the full text of a valuation report prepared for the purpose of inclusion in this circular, received from the independent valuer, APAC Asset Valuation and Consulting Limited.

**APAC Asset Valuation and Consulting Limited**

5/F., Blissful Building, 243 – 247 Des Voeux Road Central, Hong Kong

T: (852) 2357 0085

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The Directors
Tai United Holdings Limited
Room 2902, 29th Floor
China United Centre
28 Marble Road
North Point
Hong Kong
26 October 2018

Dear Sirs/Madams,

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

In accordance with the instructions from Tai United Holdings Limited (the “**Company**”) for us to value the Property held by the Company and/or its subsidiaries (hereinafter together referred to as the “**Group**”) situated in The People’s Republic of China (the “**PRC**”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 July 2018 (the “**valuation date**”) for the purpose of incorporation into the circular issued by the Group. The valuation result should not be construed to be a fairness opinion, a solvency opinion or an investment recommendation. It is inappropriate to use our valuation report for purpose other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the Property.

BASIS OF VALUATION

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

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

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

VALUATION ASSUMPTIONS

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

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

VALUATION METHODOLOGY

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

TITLE AND ASSUMPTIONS

We have been provided with copies of extracts of title documents relating to the Property. However, we have not caused title searches to be made for the Property at the relevant government bureaus in the PRC and have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear

on the copies handed to us. In undertaking our valuation for the Property in the PRC, we have relied on the legal opinion provided by the Group's PRC legal adviser, 錦路律師事務所 (Silkroad Law Firm*), regarding the title and other legal matters to the Property.

SOURCES OF INFORMATION

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

SITE INSPECTIONS

Site inspection of the Property was carried out by Mr. James Chu (BSc (Hons) Surveying) in September 2018. We have inspected the exterior and, where possible, the interior of the Property. We have not inspected those parts of the Property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the title documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free of rot, infestation or any other structural defects. No tests have been carried out on any of the services.

LIMITATION OF LIABILITIES

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

MANAGEMENT CONFIRMATION OF FACTS

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

CURRENCY

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

Yours faithfully,

For and on behalf of
APAC Asset Valuation and Consulting Limited

Ken Wong

MHKIS, MCIREA, RPS (GP)

Director

Note: Mr. Ken Wong is a Registered Professional Surveyor in General Practice Division with over 18 years valuation experience on properties in Hong Kong and China.

Encl.

VALUATION REPORT

Property held for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2018
Various guest rooms and ancillary facilities of a hotel building known as “Wyndham Grand Plaza Royale Hangzhou Hotel”, various serviced apartment and retail units and other ancillary facilities located at No. 555 Fengqi Road, Xiacheng District, Hangzhou, Zhejiang Province, PRC	<p>The Property is located in the heart of Hangzhou and at the north-eastern shore of West Lake. The immediate locality is a traditional scenic spot. Developments in the vicinity comprise various attractions including famous scenery and shopping malls.</p> <p>According to the information provided by the Company, the Property comprises various guest rooms and ancillary facilities of a 10-storey hotel building, various serviced apartment and retail units and other ancillary facilities with a total gross floor area of 44,390.47 sq.m. The Property was completed in 2008.</p> <p>Details of the uses and approximate gross floor areas of the Property are listed as follows:</p>	The Property is being occupied for accommodation and retail uses and is subject to two tenancies both for a term of 10 years expiring in December 2026 at an annual rent of RMB79,200,000.	RMB1,400,000,000

Use	Approximate Gross Floor Area (sq.m.)
Hotel	27,155.47
Ancillary Facilities for	
Hotel on Basement Level 1	3,912.09
Serviced Apartment	1,178.66
Retail	12,144.25
Total:	44,390.47

The land use rights of the Property have been granted for two concurrent terms expiring on 25 June 2042 and 25 June 2052 for commercial and composite uses respectively.

Notes:

1. Pursuant to 360 Real Estate Title Certificates, various buildings with a total gross floor area of 44,390.47 sq.m. are vested in 杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co., Ltd.*) (“**Hangzhou Tai Rong**”), an indirect wholly-owned subsidiary of the Company. Details of the said certificates are as follows:

No.	Use	Gross Floor		Expiry Date
		Area (sq.m.)	Use	
1.	Hotel	27,155.47	Composite	25 June 2052
2.	Serviced Apartment	1,178.66	Composite	25 June 2052
3.	Retail (Level 1)	3,231.65	Commercial	25 June 2042
4.	Retail (Level 2)	2,412.60	Commercial	25 June 2042
5.	Retail (Basement Level 1)	10,412.09	Commercial	25 June 2042
Total:		<u>44,390.47</u>		

2. Pursuant to the Auction Acknowledgement entered into between 浙江天恒拍賣有限公司 (Zhejiang Tian Heng Auction Company Limited*) (the “**Auctioneer**”) and Hangzhou Tai Rong on 19 November 2016, Hangzhou Tai Rong won a bid for the Distressed Assets at a consideration of RMB1,120,000,000. Some of the key terms of the said document are as follows:

- i. the operation of the Distressed Assets as hotel under the name of “Wyndham Grand Plaza Royale Hangzhou Hotel” shall continue, and no existing staff of the hotel shall be laid off due to the acquisition; and
- ii. all the auction expenses and the tax expenses arising from the acquisition shall be borne by Hangzhou Tai Rong.

The completion shall take place upon the receipt of the ruling granted by the Intermediate People’s Court of Hangzhou City for the transferal of the Distressed Asset’s title to Hangzhou Tai Rong.

3. We have been provided with a legal opinion on the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following:
- i. Hangzhou Tai Rong has legally obtained the real estate title rights of the aforesaid 360 Real Estate Title Certificates and is entitled to occupy, use, earn from, transfer, lease, mortgage or by any other legal means dispose of the Property; and
 - ii. the Property is not subject to any mortgages or seizures.

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**(i) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations**

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

(ii) Substantial shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporations or individuals (are being a Director) who had 5% or more interests in the following long positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept under section 336 of the SFO ("**Register of Shareholders**") or were entitled to exercise, or control the exercise of, 10% or more of the

voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long position in the Shares

Name	Capacity and nature of interest	Number of Shares held	Percentage of the Company's issued share capital (approximately)
Tai He Financial Group Limited	Beneficial owner	2,655,429,222	50.58%
Songbird SG PTE. LTD.	Beneficial owner	1,281,805,667	24.41%
	Interest held by a controlled corporation	2,655,429,222	50.58%
			<hr/>
			74.99%
Songbird GG Limited	Interest held by a controlled corporation		74.99%
Songbird (Singapore) Holdings Limited	Interest held by a controlled corporation		74.99%
Yellowbird Capital Management (GP) Limited	Interest held by a controlled corporation		74.99%
Seekers Capital Group Limited	Interest held by a controlled corporation		74.99%
Seekers Assets Limited	Interest held by a controlled corporation		74.99%
Satinu Resources Group Ltd.	Interest held by a controlled corporation		74.99%

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who, as at the Latest Practicable Date, had the Voting Entitlements or 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the Register of Shareholders.

3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS

(i) Interests in competing business

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

(ii) Interests in contracts or arrangements

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

(iii) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be determinable by the relevant member of the Group within one year without payment of compensation (other than the statutory compensation).

5. MATERIAL CONTRACTS

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the auction acknowledgement dated 19 November 2016 entered into between 杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co. Ltd.*) (an indirect wholly-owned subsidiary of the Company) as purchaser and 浙江天恒拍賣有限公司 (Zhejiang Tian Heng Auction Company Limited*) as auctioneer in relation to the acquisition of the distressed assets of a hotel facility known as “Wyndham Grand Plaza Royale Hangzhou”, located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC, at a consideration of RMB1,120,000,000 (equivalent to HK\$1,265,600,000), details of which are set out in the announcement of the Company dated 21 November 2016 and the circular of the Company dated 25 January 2017;
- (b) the sale and purchase agreement dated 24 November 2016 entered into between Wide Flourish Investment Limited (“**Wide Flourish**”) (a wholly-owned subsidiary of the Company) as purchaser and Leon Property Holdings Limited as vendor in relation to (i) the acquisition of entire issued share capital of Leon Property Limited (“**Leon Property**”) by Wide Flourish at a consideration of approximately GBP16.1 million (equivalent to approximately HK\$161 million) (subject to adjustment with reference to the completion accounts); and (ii) the repayment of shareholder’s loan owed by Leon Property to Leon Property Holdings Limited in the amount of approximately GBP45.1

million (equivalent to approximately HK\$451 million) (subject to adjustment with reference to the completion accounts) by Wide Flourish, and the principal asset of Leon Property is a commercial property situated in Hammersmith, the West of London, United Kingdom, details of which are set out in the announcement of the Company dated 25 November 2016 and the circular of the Company dated 25 January 2017;

- (c) the placing agreement dated 15 December 2016 entered into between the Company and Haitong International Securities Company Limited in relation to the placing of up to 300,000,000 new Shares at a placing price of HK\$1.2 per Share, on best endeavours basis, details of which are set out in the announcements of the Company dated 15 December 2016 and 30 December 2016;
- (d) the subscription agreement dated 15 December 2016 entered into between Tai United Investments Limited (a wholly-owned subsidiary of the Company) as investor and Haitong Global Investment SPC III (“**Fund Portfolio Company**”) in relation to certain investment in the non-voting participating redeemable shares in the segregated portfolio of the Fund Portfolio Company at a total consideration of US\$50,000,000, details of which are set out in the announcement of the Company dated 15 December 2016;
- (e) the agreement dated 5 January 2017 entered into between the Company and Mr. Chua Hwa Por in relation to the Company’s acquisition of (i) the entire issued share capital of Tai Infinite Holdings Group Limited (“**Tai Infinite**”); and (ii) entire sum owing by Tai Infinite to Mr. Chua Hwa Por at completion, at a total consideration of HK\$536,091,054 which was settled by the Company by way of allotment and issue of 446,742,544 Shares at an issue price of HK\$1.20 per Share at completion, details of which are set out in the announcements of the Company dated 5 January 2017 and 24 March 2017 and the circular of the Company dated 10 February 2017;
- (f) the sale and purchase agreement dated 18 September 2017 entered into between Blue Horizon Investors Limited as purchaser and Wide Flourish (a wholly-owned subsidiary of the Company) as vendor in relation to (i) the disposal of the entire issued share capital of Leon Property at a consideration of approximately GBP21,663,288 (equivalent to approximately HK\$216,632,880) (subject to adjustments); and (ii) the repayment of the shareholder’s loan owed by Leon Property to Wide Flourish in the amount of approximately GBP31,055,918 (equivalent to approximately HK\$310,559,180) by Blue Horizon Investors Limited, details of which are set out in the announcement of the Company dated 18 September 2017;
- (g) the provisional sale and purchase agreement dated 21 September 2017 entered into between Tai Infinite as vendor, the Company as guarantor and Profit Gate International Limited as purchaser in relation to the disposal of (i) the entire issued share capital of Excel Fine Holdings Limited (a wholly-owned subsidiary of the Company); and (ii) the entire sum owing by Excel Fine Holdings Limited to Tai

Infinite at completion, and the principal asset of Excel Fine Holdings Limited is the property located at 79th Floor, The Center, No.99 Queen's Road Central, Hong Kong ("**Excel Fine Disposal**"), at an aggregate cash consideration of HK\$738 million, details of which are set out in the announcement of the Company dated 21 September 2017;

- (h) the formal agreement for the sale and purchase dated 23 October 2017 in relation to the Excel Fine Disposal;
- (i) the sale and purchase agreement dated 26 June 2018 entered into between the Company as the vendor, Solis Capital Limited ("**Solis Capital**") as the purchaser in relation to the disposal by the Company to Solis Capital of the 184,360,714 shares of The Hongkong and Shanghai Hotels, Limited, at a consideration of HK\$12.80 per share and HK\$2,359,817,139.20 in aggregate, details of which are set out in the announcements of the Company dated 26 June 2018, 18 July 2018 and 30 July 2018 and the circular of the Company dated 31 July 2018; and
- (j) the Sale and Purchase Agreement.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	Professional valuer
Silkroad Law Firm	PRC attorneys-at-law

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and reports and the references to its name in the form and context in which they appear.

8. GENERAL

- (i) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. Its head office and principal place of business in Hong Kong is Room 2902, 29th Floor, China United Centre, 28 Marble Road, North Point, 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 Ms. Yam Wai Wah Jenny, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (iv) The English text of this circular shall prevail over the Chinese translation in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection 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 Room 2902, 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong during the period from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the interim report of the Group for the six months ended 30 June 2018;
- (iii) the annual reports of the Group for the year ended 31 March 2016, the nine months ended 31 December 2016 and the year ended 31 December 2017;
- (iv) the valuation report on the Property issued by the Independent Valuer, the text of which is set out in Appendix II to this circular;
- (v) the material contracts referred to under the paragraph headed "5. Material Contracts" in this appendix;

- (vi) the written consent referred to in the paragraph headed “7. Qualification and Consent of Expert” in this appendix;
- (vii) the circular of the Company dated 31 July 2018; and
- (viii) this circular.