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

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**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 licensed securities dealer, 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, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**(1) MAJOR AND CONNECTED TRANSACTION –  
PROPOSED DISPOSAL OF SHARES IN  
THE HONGKONG AND SHANGHAI HOTELS, LIMITED;  
(2) PROPOSAL FOR DECLARATION OF SPECIAL DIVIDEND;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

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



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A letter from the Board is set out on pages 6 to 13 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the SGM to be held at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong on Tuesday, 21 August 2018 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed. 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 it 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 practicable but in any event by 11:00 a.m. on Sunday, 19 August 2018 or not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM if you so wish and in such event, the instrument appointing your proxy shall be deemed to be revoked.

31 July 2018

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## EXPECTED TIMETABLE

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### EXPECTED TIMETABLE

Event	Time and Date 2018
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#### *SGM*

Latest time for lodging transfer of Shares to qualify for attendance and voting at the SGM. ....	4:30 p.m. on Tuesday, 14 August
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Register of members of the Company closes for determination of eligibility to attend and vote at the SGM. ....	Wednesday, 15 August to Tuesday, 21 August
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Record date for determination of eligibility to attend and vote at the SGM. ....	9:00 a.m. on Wednesday, 15 August
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Latest time and date for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM) .....	11:00 a.m. on Sunday, 19 August
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SGM .....	11:00 a.m. on Tuesday, 21 August
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Register of members of the Company re-opens .....	Wednesday, 22 August
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#### *SPECIAL DIVIDEND*

Last day of dealings in Shares on a cum-entitlement basis .....	Wednesday, 22 August
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First day of dealings in Shares on an ex-entitlement basis .....	Thursday, 23 August
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Latest time for lodging transfer of Shares to qualify for the Special Dividend .....	4:30 p.m. on Friday, 24 August
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Register of members of the Company closes for determination of entitlement to the Special Dividend .....	Monday, 27 August to Tuesday, 28 August
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## EXPECTED TIMETABLE

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Record Date for the Special Dividend . . . . . 9:00 a.m. on  
Tuesday, 28 August

Register of members of the Company re-opens . . . . . Wednesday, 29 August

Payment of the Special Dividend . . . . . Tuesday, 18 September

**All times and dates in this circular refer to Hong Kong local times and dates. The above timetable is indicative only and may be extended and varied by the Company. Further announcement(s) will be made should there be any changes to it.**

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## DEFINITIONS

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

“Announcement”	the announcement issued by the Company on 26 June 2018
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	(a) day (other than Saturdays, Sundays or public holidays) on which licensed banks are open for business in Hong Kong
“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 Disposal
“Completion Date”	the day that is three Business Days after the fulfilment of the Condition or such other date as the Purchaser and the Company may agree in writing
“Condition”	the Sale and Purchase Agreement and the Disposal being approved by the Independent Shareholders at the SGM in accordance with the Listing Rules
“connected person(s)”	the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$12.80 per Sale Share and HK\$2,359,817,139.20 in aggregate
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“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

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## DEFINITIONS

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“HSH”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 45)
“HSH Shares”	shares of no par value in the share capital of HSH
“Independent Board Committee” and “IBC”	an independent board committee of the Board comprising all its independent non-executive Directors, established by the Company for the purposes of advising the Independent Shareholders on the Sale and Purchase Agreement and the Disposal
“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the IBC and the Independent Shareholders in relation to the Sale and Purchase Agreement and the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company within the meaning of the Listing Rules
“Latest Practicable Date”	27 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Solis Capital Limited, a company incorporated in the British Virgin Islands with limited liability
“Record Date”	28 August 2018 being the record date for determining Shareholders’ entitlements to the Special Dividend
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 June 2018 entered into between the Company and the Purchaser in relation to the Disposal

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## DEFINITIONS

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“Sale Shares”	184,360,714 HSH Shares, representing approximately 11.47% of the issued share capital of HSH as at the Latest Practicable Date
“Satinu”	Satinu Resources Group Ltd., an investment holding company incorporated in the British Virgin Islands with limited liability
“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 for the purpose of considering and, if thought fit, approving (i) the Sale and Purchase Agreement and the Disposal; and (ii) the declaration and payment of the Special Dividend, notice of which is set out herein
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Special Dividend”	the special dividend of 28.58 HK cents per Share recommended by the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

English translations of names in Chinese which are marked with “\*” in this circular are for identification purposes only.

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## LETTER FROM THE BOARD

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*Executive Directors:*

Mr. Chen Weisong (*Chief Executive Officer*)  
Mr. Xu Ke  
Mr. Ye Fei  
Mr. Wang Qiang  
Dr. Kwong Kai Sing Benny

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

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

*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

31 July 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION –  
PROPOSED DISPOSAL OF SHARES IN  
THE HONGKONG AND SHANGHAI HOTELS, LIMITED;  
(2) PROPOSAL FOR DECLARATION OF SPECIAL DIVIDEND;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

On 26 June 2018, the Company disclosed in the Announcement that the Purchaser and the Company had entered into the Sale and Purchase Agreement in relation to the proposed disposal by the Company to the Purchaser of the Sale Shares which represent approximately 11.47% of the issued share capital of HSH both as at the date of the Announcement and the Latest Practicable Date.

The Board subsequently resolved on 9 July 2018, and announced its intention, to recommend the Special Dividend payable to the Shareholders whose names appear on the register of members of the Company on the Record Date. The Special Dividend in the aggregate amount of approximately HK\$1,500,456,000 will be paid in cash out of the net proceeds from the Disposal subject to the Condition and receipt of the Consideration.

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

Date : 26 June 2018

Parties : the Company as seller and Solis Capital Limited as the Purchaser

#### Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, amongst other things, the Purchaser conditionally agreed to buy, and the Company conditionally agreed to sell, or procure the sale of, the Sale Shares at the Consideration.

#### Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Company, taking into account recent trading prices of HSH Shares. The Consideration of HK\$12.80 per Sale Share represents a premium of approximately 12.48% to the closing price of HK\$11.38 per HSH Share as quoted on the Stock Exchange on the date of the Announcement and a premium of approximately 16.36% to the closing price of HK\$11.00 per HSH Share as quoted on the Stock Exchange on the Latest Practicable Date.

HK\$235,981,713.92 of the Consideration was paid by way of deposit by the Purchaser under the Sale and Purchase Agreement upon signing of the Sale and Purchase Agreement and the balance of the Consideration is to be paid by the Purchaser to the Company on Completion.

#### Condition precedent

Completion is conditional upon the Sale and Purchase Agreement and the Disposal being approved by the Independent Shareholders at the SGM in accordance with the Listing Rules. If the Condition is not fulfilled on or before 31 October 2018 or such later date as may be agreed between the parties, all rights, obligations and liabilities of the parties under the Sale and Purchase Agreement shall cease and terminate and the deposit paid under the Sale and Purchase Agreement will be returned to the Purchaser within two Business Days and neither of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement save for claims (if any) in respect of any antecedent breaches of the Sale and Purchase Agreement.

#### BACKGROUND INFORMATION ON HSH

HSH is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (stock code: 45). HSH and its subsidiaries are engaged in the ownership, development and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services.

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## LETTER FROM THE BOARD

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The following information about its financial results is extracted from the latest published annual report of HSH for the year ended 31 December 2017:

	<b>For the year ended 31 December 2017</b>	<b>For the year ended 31 December 2016</b>
Profit before tax	HK\$1,320 million (of which 11.47% or approximately HK\$151.4 million is attributable to the Sale Shares)	HK\$752 million (of which 11.47% or approximately HK\$86.3 million is attributable to the Sale Shares)
Profit after tax	HK\$1,152 million (of which 11.47% or approximately HK\$132.1 million is attributable to the Sale Shares)	HK\$667 million (of which 11.47% or approximately HK\$76.5 million is attributable to the Sale Shares)

### FINANCIAL EFFECTS OF THE DISPOSAL

The carrying value of the Sale Shares as at 31 December 2017 in the books of the Company was approximately HK\$2,110,380,000.

The Company expects to accrue a gain on Completion of approximately HK\$220 million in its income statement for 2018. At the date of the Announcement, the Sale Shares were subject to margin financing arrangements with Independent Third Parties. They have since been repaid to the extent of approximately HK\$400 million and will be terminated at Completion and the Company will pay the outstanding balance of the margin financing facilities of approximately HK\$585 million to those Independent Third Parties. The Disposal will reduce those liabilities accordingly and after the Disposal, the Company will no longer enjoy any dividends from the Sale Shares.

The average acquisition cost of the Sale Shares to the Group was HK\$11.73 per Sale Share.

An aggregate of 108,493,000 HSH Shares were acquired in the last twelve months before the date of the Announcement and the average acquisition cost (excluding scrip dividends received by the Group) to the Group of the Sale Shares acquired in the last twelve months preceding the date of the Announcement was HK\$12.87 per Sale Share.

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## LETTER FROM THE BOARD

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### BACKGROUND INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding. Its ultimate beneficial owner is Satinu, which at the Latest Practicable Date indirectly controlled approximately 74.99% of the issued shares in the Company, and the Purchaser is thus a connected person of the Company.

Satinu, which wholly-owns the Purchaser, has informed the Board that it has over US\$1 billion in paid-up capital and indirectly wholly owns Yellowbird Capital Management (GP) Limited, which is the general partner of Yellowbird Special Opportunities Fund, L.P. (“**Yellowbird Fund**”). Yellowbird Fund indirectly wholly owns Songbird SG Pte. Ltd., which in turn owns 74.99% of the issued shares in the Company.

The Company has been advised by Satinu that funding for the Consideration will be from Satinu’s internal resources, entirely separate from Yellowbird Fund.

### LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as certain percentage ratios applicable to the Disposal exceed 25% but are less than 75% and it is subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules as the Purchaser is an associate of Satinu, a connected person of the Company. One or more of the percentage ratios applicable to the Disposal exceeds 25% and the Consideration exceeds HK\$10,000,000. It is therefore subject to the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The IBC has been appointed as a committee of the Board comprising all the Company’s independent non-executive Directors, established for the purposes of advising the Independent Shareholders as to whether the terms under the Sale and Purchase Agreement are (i) on normal commercial terms in the ordinary and usual course of business; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the SGM. The Independent Financial Adviser has been appointed in compliance with the Listing Rules to advise the IBC and the Independent Shareholders on the Sale and Purchase Agreement and the Disposal.

The SGM will be convened for Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the Disposal. Only Independent Shareholders will be entitled to vote at the SGM on the resolution to approve the Sale and Purchase Agreement and the Disposal. Satinu and its associates, which together own and control approximately 74.99% of the issued shares in the Company, will be required to abstain from voting on the resolution to approve the Sale and Purchase Agreement and the Disposal.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

The major businesses of the Group include (i) investment and asset management; (ii) financial services; and (iii) other business.

The purpose of the Disposal is to realise an investment that would be difficult to liquidate readily in the market, and to free up capital for other investment opportunities. The total gross sales proceeds of the Disposal will be HK\$2,359,817,139.20 and the Company is expected to recognise a fair value gain of approximately HK\$220 million in its income statement for 2018 on Completion. The Sale Shares are all the HSH Shares owned by the Company. The gain to be recognised is the difference between the Consideration and the aggregate of the carrying amount of those Sale Shares owned by it 31 December 2017 (its latest financial year end) and the cost in the books of the Company of those Sale Shares subsequently acquired by it, i.e. HK\$2,359 million less HK\$2,139 million. After repayment of margin financing facilities in connection with the Sale Shares, the Company will receive net proceeds (before transaction costs) of approximately HK\$1,774,000,000. These margin financing facilities were provided by two financial services companies both of which are Independent Third Parties, Haitong International Securities Company Limited (which currently charges interest at the prime interest rate published by The Hongkong and Shanghai Banking Corporation Limited, less 1%) and Sun Hung Kai Investment Services Limited (which currently charges interest at the prime interest rate published by Standard Chartered Bank (Hong Kong) Limited).

The Group stated in the Announcement that it was considering the best use of the net proceeds of the Disposal. The Board met on 9 July 2018 to consider the declaration or recommendation of a cash dividend subject to the Condition and receipt of the Consideration and at that meeting resolved to recommend the Special Dividend. If the Special Dividend is not approved by Shareholders, the entire net proceeds of the Disposal (and, if it is approved, the balance of the net proceeds after the Special Dividend) will be used for general working capital and for acquisitions of assets that are perceived to be attractive investment opportunities, but no such assets have been identified at the Latest Practicable Date. The Directors currently intend that if the Special Dividend is not approved by Independent Shareholders, the net proceeds of the Disposal will be applied as to approximately HK\$120 million for general working capital and as to the balance of approximately HK\$1,654 million for potential acquisitions of assets and that if the Special Dividend is approved, the approximately HK\$273.5 million net proceeds of the Disposal available after the Special Dividend will be applied as to approximately HK\$120 million for general working capital and as to the balance of approximately HK\$153.5 million for potential acquisitions of assets.

The Disposal is at a price in excess of recent market prices and the Directors (including the members of the IBC after receiving the advice from the Independent Financial Adviser set out on pages 16 to 28 of this circular) are of the view that the Disposal will enhance the liquidity of the Company, is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### SPECIAL DIVIDEND

As announced on 9 July 2018 the Board resolved on 9 July 2018 to recommend the Special Dividend being a cash dividend of 28.58 HK cents per Share (approximately HK\$1,500,456,000 in aggregate) payable on Tuesday, 18 September 2018 to Shareholders whose names appear on the register of members of the Company on the Record Date, subject to Condition and receipt of the Consideration, and the approval of Shareholders.

### GENERAL

**The Disposal and the Special Dividend are subject to the satisfaction of the Condition and the Special Dividend is also subject to receipt of the Consideration. Both of the Disposal and the Special Dividend may or may not materialise. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### APPROVAL/SGM

The Disposal constitutes a major transaction and a connected transaction for the Company under the Listing Rules, for which Independent Shareholders' approval is required and on which Shareholders with material interests are not permitted to vote. As at the Latest Practicable Date, Satinu and its associates were the only Shareholders required to abstain from voting on the approval of the Sales and Purchase Agreement and the Disposal. No Shareholders are required to abstain from voting on the approval of the Special Dividend but Satinu and its associates will abstain from voting.

None of the Directors has a material interest in the Sale and Purchase Agreement or the Special Dividend, or was required to abstain from voting on the relevant board resolutions.

A notice convening the SGM, to be held on Tuesday, 21 August 2018 at Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong at 11:00 a.m., for the purpose of considering and, if thought fit, approving, the Sale and Purchase Agreement and the Disposal and the Special Dividend is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it 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 and in any event by 11:00 a.m. on Sunday, 19 August 2018 or not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM if you so wish and in such event, the instrument appointing your proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining eligibility to attend and vote at the SGM as members of the Company, the register of members of the Company will be closed from Wednesday, 15 August 2018 to Tuesday, 21 August 2018, both days inclusive, on which period no transfer of the Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 14 August 2018.

For the purpose of determining the entitlement to the Special Dividend (if the proposed Special Dividend is approved by the Shareholders at the SGM and the Consideration is received), the register of members of the Company will be closed from Monday, 27 August 2018 to Tuesday, 28 August 2018, both days inclusive, on which period no transfer of the Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 24 August 2018.

### **RECOMMENDATION**

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 14 to 15 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement and the Disposal as well as the principal factors and reasons considered by it in arriving at its advice set out on pages 16 to 28 of this circular.

The Board (including the IBC, which has taken into account the advice of the Independent Financial Adviser set out on pages 16 to 28 of this circular) considers that the Disposal is fair and reasonable, on normal commercial terms in the ordinary and usual course of business and in the interest of the Company and Shareholders as a whole. The Board (including the IBC, which has taken into account the advice of the Independent Financial Adviser set out on pages 16 to 28 of this circular) therefore recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

The Board also considers that in light of the fact that the Company has no specific plans for the net proceeds of the Disposal and has no need to maintain liquid resources of that magnitude, it is appropriate to return approximately HK\$1,500,456,000 to Shareholders and therefore recommends Shareholders to vote in favour of the proposed resolution to approve the Special Dividend. No Shareholders are required to abstain from voting on this resolution but Satinu has indicated to the Board that it supports this recommendation but Satinu and its associates which at the Latest Practicable Date controlled 3,937,234,889 Shares representing

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## LETTER FROM THE BOARD

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approximately 74.99% of the issued Shares will abstain from voting on the resolution to approve the Special Dividend, in order to leave that decision to the Independent Shareholders.

None of the Directors has a material interest in the Sale and Purchase Agreement or the Special Dividend, or was required to abstain from voting on the relevant board resolutions.

### **ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of  
**Tai United Holdings Limited**  
**Chen Weisong**  
*Chief Executive Officer*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Executive Directors:*

Mr. Chen Weisong (*Chief Executive Officer*)  
Mr. Xu Ke  
Mr. Ye Fei  
Mr. Wang Qiang  
Dr. Kwong Kai Sing Benny

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

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

*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

31 July 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION –  
PROPOSED DISPOSAL OF SHARES IN  
THE HONGKONG AND SHANGHAI HOTELS, LIMITED;  
(2) PROPOSAL FOR DECLARATION OF SPECIAL DIVIDEND;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular of the Company dated 31 July 2018 (“**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders the terms of the Sale and Purchase Agreement and the Disposal. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 16 to 28 of the Circular, we are of the opinion that the Sale and Purchase Agreement and the

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Disposal, are in the interests of the Company and the Shareholders as a whole and it is in the ordinary and usual course of business of the Company. We consider that the terms are normal commercial terms and fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the Disposal.

Yours faithfully,  
*the Independent Board Committee*

**Dr. Gao Bin**

**Ms. Liu Yan**

**Mr. Tang King Shing**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders received from the Independent Financial Adviser for incorporation in this circular.*



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

31 July 2018

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

Dear Sirs,

### **MAJOR AND CONNECTED TRANSACTION – PROPOSED DISPOSAL OF SHARES IN THE HONGKONG AND SHANGHAI HOTELS, LIMITED**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to make recommendation to the IBC and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 31 July 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

The Board announced on 26 June 2018 that on the same date the Purchaser and the Company entered into the Sale and Purchase Agreement in relation to the proposed disposal by the Company to the Purchaser of 184,360,714 HSH Shares at the Consideration of HK\$12.80 per Sale Share or HK\$2,359,817,139.20 in aggregate. The Sale Shares represented approximately 11.47% of the issued share capital of HSH as at the date of the Sale and Purchase Agreement. On Completion, the Company will no longer hold any HSH Shares.

According to the Letter from the Board, the Disposal constitutes a major and connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, respectively, and is subject to the reporting, announcement and independent shareholders’ approval requirements.

The IBC comprising Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Disposal is conducted in the ordinary and usual course of business of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Group and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Disposal at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to make recommendation to the IBC and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, apart from having acted as the independent financial adviser of the Company relating to (i) a discloseable and connected transaction in relation to acquisition of Tai Infinite Holdings Group Limited and issue of consideration shares pursuant to specific mandate which a circular dated 10 February 2017 was issued; (ii) a mandatory unconditional cash offer to acquire all the issued shares of the Company which a composite document dated 29 March 2018 was issued; and (iii) the existing engagement in relation to the Sale and Purchase Agreement and the Disposal, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Sale and Purchase Agreement and the Disposal.

### BASIS OF OUR OPINION

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

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Background of and reasons for the Disposal

##### *Information on the Group*

The main businesses of the Group include (i) investment and asset management; (ii) financial services; and (iii) other business.

The Board announced on 8 December 2016 that the Company changed its financial year end date from 31 March to 31 December. Set out below is a summary of the audited consolidated financial information on the Group for the year ended 31 December 2017 and the nine months ended 31 December 2016 as extracted from the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”):

	<b>For the year ended 31 December 2017 HK\$'000</b>	<b>For the nine months ended 31 December 2016 HK\$'000</b>
Revenue	11,243,596	8,102,730
Profit for the year/period	312,091	41,107

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As depicted by the above table, revenue of the Group amounted to approximately HK\$11,243.6 million for the year ended 31 December 2017, representing a growth of approximately 38.8% as compared to the nine months ended 31 December 2016. In 2017, the Group's net profit was approximately HK\$312.1 million, representing a growth of approximately 659.2% as compared to the nine months ended 31 December 2016.

During the year ended 31 December 2017, securities investment, as a main business of the Company, experienced significant advancement, with total segment revenue and profit increasing from approximately HK\$53.3 million to HK\$157.0 million, and approximately HK\$6.8 million to HK\$117.2 million, respectively, from 2016 to 2017. As referred to in the 2017 Annual Report, leveraging on the strategic geographical location of Hong Kong and Singapore as well as the development of the PRC investment market, the Company carried out the securities investment business in the secondary market with its internal funds. With listed shares of large-scale and quality companies as its primary investment targets, the Company aims to pursue capital appreciation and stable dividend income. As a result of the increased size of its investment portfolio in 2017, the change in fair value of financial assets held-for-trading (i.e. the total segment revenue from securities investment as aforementioned) of the Group increased by approximately 194.6% from approximately HK\$53.3 million to approximately HK\$157.0 million. As at 31 December 2017, the listed equity securities investments held by the Group amounted to approximately HK\$2,244.5 million, representing a considerable increase of approximately 244.3% as compared to 31 December 2016.

### ***Information on HSH***

#### *Business and financial results*

Based on the public information released on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)), HSH (stock code: 45) is a Hong Kong incorporated company listed on the Stock Exchange principally engaged in operation of hotels. Along with subsidiaries, HSH operates its business through three segments. The Hotels segment is engaged in operating hotels, leasing of commercial shopping arcades and office premises located within the hotel buildings. The Commercial Properties segment is engaged the leasing of commercial and office premises (other than those in hotel properties) and residential apartments. HSH also operates food and beverage outlets in such premises. The Clubs and Services segment is engaged in the operation of golf courses, the Peak Tram, wholesaling and retailing of food and beverage products, laundry services and the provision of management and consultancy services for clubs.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is a summary of the audited consolidated financial results of the HSH group for the two years ended 31 December 2017 as extracted from the annual report of HSH for the year ended 31 December 2017:

	<b>For the year ended 31 December 2017 HK\$'000</b>	<b>For the year ended 31 December 2016 HK\$'000</b>
Revenue	5,782,000	5,631,000
Profit for the year	1,152,000	667,000

*Comparable companies analysis on dividend pay-out ratio and dividend yield*

We noted from the announcements released on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) that HSH declared and paid dividends totalling 20 Hong Kong cents per HSH Share, 19 Hong Kong cents per HSH Share and 20 Hong Kong cents per HSH Share to its shareholders for the years ended 31 December 2017, 2016 and 2015, respectively. The dividend pay-out ratios of HSH were approximately 27.40%, 44.19% and 30.77% for the recent three financial years, thus the average dividend pay-out ratio of HSH for the recent three financial years was approximately 34.12%. To compare the said average dividend pay-out ratio of HSH with its peer companies, we have identified, to the best of our knowledge and as far as we are aware of, eight companies which are listed on the Main Board of the Stock Exchange and are principally engaged in the hotel related business with

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the hotel segment revenue accounting for more than 70% of their respective total revenues for the year ended 31 December 2017 (the “**Comparables**”). The table below summarises our relevant findings:

Company name	Stock code	Dividend pay-out ratio <i>(Note 1)</i>
Shangri-La Asia Limited	69	49.20%
Regal Hotels International Holdings Limited	78	16.16%
Keck Seng Investments (Hong Kong) Limited	184	38.96%
Magnificent Hotel Investments Limited	201	41.41%
Shun Ho Property Investments Limited	219	4.26%
Langham Hospitality Investments and Langham Hospitality Investments Limited	1270	38.91%
Shanghai Jin Jiang International Hotels (Group) Company Limited	2006	58.52%
Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited	6139	265.53%
	<b>Mean</b>	<b>35.35%</b>
	<b>Median</b>	<b>38.96%</b>
<b>The Hongkong and Shanghai Hotels, Limited</b>	<b>45</b>	<b>34.12%</b> <i>(Note 2)</i>

*Source: the Stock Exchange website (www.hkex.com.hk)*

*Notes:*

- (1) The dividend pay-out ratio of the Comparables was calculated based on the basic earnings per share and total dividend per share declared for the year ended 31 December 2017 as disclosed in the 2017 annual report of the respective Comparables.
- (2) Being the average dividend pay-out ratio of HSH for the recent three financial years (2015 to 2017).

As demonstrated by the above table, the dividend pay-out ratio of Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited is extremely high as compared to other Comparables. As such, we consider this company to be an outlier. In the event that Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited is excluded, the mean and median dividend pay-out ratios of the Comparables are approximately 35.35% and 38.96% respectively. The average dividend pay-out ratio of HSH for the recent three financial years is therefore below the market average.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Besides the dividend pay-out ratio, we also attempted to compare the dividend yield ratio of HSH with those of the Comparables for the year ended 31 December 2017. The table below summarises our relevant findings:

Company name	Stock code	Dividend yield (Note)
Shangri-La Asia Limited	69	1.13%
Regal Hotels International Holdings Limited	78	3.42%
Keck Seng Investments (Hong Kong) Limited	184	2.22%
Magnificent Hotel Investments Limited	201	3.27%
Shun Ho Property Investments Limited	219	2.25%
Langham Hospitality Investments and Langham Hospitality Investments Limited	1270	6.65%
Shanghai Jin Jiang International Hotels (Group) Company Limited	2006	2.48%
Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited	6139	7.69%
	<b>Mean</b>	<b>2.46%</b>
	<b>Median</b>	<b>2.37%</b>
<b>The Hongkong and Shanghai Hotels, Limited</b>	<b>45</b>	<b>1.76%</b>

*Source: the Stock Exchange website (www.hkex.com.hk)*

*Note:* based on the share price on the date of the Announcement and total dividend per share declared for the year ended 31 December 2017 as disclosed in the 2017 annual report of the respective Comparables.

As demonstrated by the above table, the dividend yield ratios of Langham Hospitality Investments and Langham Hospitality Investments Limited and Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited are extremely high as compared to other Comparables. As such, we consider these two companies to be outliers. In the event that Langham Hospitality Investments and Langham Hospitality Investments Limited and Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited are excluded, the mean and median dividend yield ratios of the Comparables are approximately 2.46% and 2.37% respectively. The dividend yield ratio of HSH is therefore below the market average.

### ***Reasons for the Disposal and the proposed use of proceeds of the Disposal***

As advised by the Directors, the purpose of the Disposal is to realise an investment that would be difficult to liquidate readily in the market, and to free up capital for other investment opportunities. The total gross sales proceeds of the Disposal will be

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HK\$2,359,817,139.20 and the Company is expected to recognise a fair value gain of approximately HK\$220 million in its income statement for 2018 on Completion. The Sale Shares are all the HSH Shares owned by the Company. The gain to be recognised is the difference between the Consideration and the aggregate of the carrying amount of those Sale Shares owned by the Company as at 31 December 2017 (its latest financial year end) and the cost in the books of the Company of those Sale Shares subsequently acquired by it, i.e. HK\$2,359 million less HK\$2,139 million. As further advised by the Directors, as at the date of the Announcement, the Sale Shares were subject to margin financing arrangements totaling HK\$958 million with Independent Third Parties. They have since been repaid to the extent of approximately HK\$400 million and will be terminated at Completion and the Company will pay the outstanding balance of approximately HK\$585 million to those Independent Third Parties. After repayment of the remaining margin financing facilities, it is expected that the Company will receive net proceeds (before transaction costs) of approximately HK\$1,774 million from the Disposal. These margin financing facilities were provided by two financial services companies both of which are Independent Third Parties, Haitong International Securities Company Limited (which currently charges interest at the prime interest rate published by The Hongkong and Shanghai Banking Corporation Limited, less 1%) and Sun Hung Kai Investment Services Limited (which currently charges interest at the prime interest rate published by Standard Chartered Bank (Hong Kong) Limited).

At the Board meeting held on 9 July 2018, the Board resolved to recommend a Special Dividend being a cash dividend of 28.58 Hong Kong cents per Share, amounting to approximately HK\$1,500.46 million in total. Subject to the Condition and receipt of the Consideration, and the approval of Independent Shareholders, the Special Dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date. In the event that the Special Dividend is not approved by the Shareholders, the entire net proceeds of the Disposal (and, if it is approved, the balance of the net proceeds after the Special Dividend) will be used for general working capital and for acquisitions of assets that are perceived to be attractive investment opportunities. Shareholders may refer to the section headed “Reasons for and benefits of the Disposal” of the Letter from the Board on information regarding the relevant breakdown.

As presented under the sub-section headed “Information on the Group” of this letter of advice, securities investment, as a main business of the Group, experienced significant advancement in 2017. Upon our enquiry with the Directors, we understand that the Company aims to pursue capital appreciation and stable dividend income with listed shares of large-scale and quality companies as its primary investment targets. In this relation, we noted that (i) as being discussed in detail under the sub-section headed “The Consideration” of this letter of advice, the Consideration is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) both the dividend pay-out and dividend yield ratios of HSH are not particularly high as compared with its peer companies, we are therefore of the view that the Disposal provides a lucrative exit opportunity for the Company to realise its investment in HSH. Furthermore, we noted that the Company is expected to recognise a substantial gain of approximately HK\$220 million in its income statement for 2018 on

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Completion and that the proposed use of the net proceeds of the Disposal for payment of the Special Dividend would enable the Shareholders to benefit directly from the Disposal. In view of all the aforesaid, we concur with the Directors that the Disposal is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the Sale and Purchase Agreement**

On 26 June 2018, the Purchaser and the Company entered into the Sale and Purchase Agreement in relation to the proposed disposal by the Company to the Purchaser of 184,360,714 HSH Shares at the Consideration of HK\$12.80 per Sale Share or HK\$2,359,817,139.20 in aggregate. The Sale Shares represented approximately 11.47% of the issued share capital of HSH as at the date of the Sale and Purchase Agreement.

#### *The Consideration*

The Directors confirmed that the Consideration was determined after arm's length negotiations between the Purchaser and the Company, taking into account the recent trading prices of HSH Shares. As also stated in the Letter from the Board, the average acquisition cost of the Sale Shares to the Group was approximately HK\$11.73 per Sale Share (the "Acquisition Cost").

The Consideration of HK\$12.80 per Sale Share represents:

- (i) a premium of approximately 16.36% over the closing price of HK\$11.00 per HSH Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 12.48% over the closing price of HK\$11.38 per HSH Share as quoted on the Stock Exchange on the date of the Announcement;
- (iii) a premium of approximately 3.81% over the average closing price of approximately HK\$12.33 per HSH Share for the last ten consecutive trading days up to and including the date of the Announcement;
- (iv) a premium of approximately 2.40% over the average closing price of approximately HK\$12.50 per HSH Share for the last 30 consecutive trading days up to and including the date of the Announcement; and
- (v) a premium of approximately 5.09% over the average closing price of approximately HK\$12.18 per HSH Share as quoted on the Stock Exchange for the last 90 trading days up to and including the date of the Announcement.

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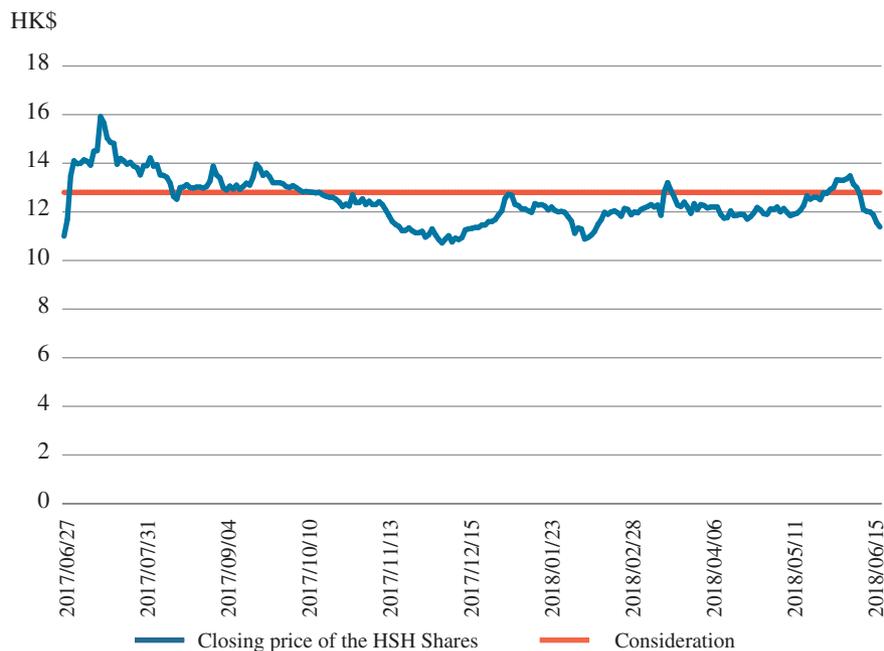
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To evaluate the fairness and reasonableness of the Consideration, we have reviewed the historical movement of the closing prices and the historical trading liquidity of the HSH Shares:

### *Historical movement of the closing prices of the HSH Shares*

Set out below is a chart showing the daily closing prices of the HSH Shares as quoted on the Stock Exchange during the period from 27 June 2017 up to the date of the Announcement (the “**Review Period**”), being the one-year period before and including the date of the Sale and Purchase Agreement:



Source: the Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk))

As illustrated by the above chart, the closing prices of the HSH Shares fluctuated rather significantly during the Review Period. After attaining the peak of HK\$15.92 per HSH Share on 12 July 2017, the closing prices of the HSH Shares followed a general decreasing trend until it reached the trough of HK\$10.72 per HSH Share on 7 December 2017. In 2018 up to and including the date of the Announcement, the HSH Shares' closing prices moved between HK\$10.88 per HSH Share and HK\$13.48 per HSH Share, and was below the Consideration on 106 trading days out of the 118 trading days in total.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Historical trading liquidity of the HSH Shares*

The number of trading days, the average daily volume of HSH Shares traded per month, and the percentage of HSH Shares' monthly trading volume as compared to the total number of issued HSH Shares as at the date of the Announcement during the Review Period are tabulated as below:

<b>Month</b>	<b>No. of trading days in each month</b>	<b>Average daily trading volume (the "Average Volume") <i>Number of Shares</i></b>	<b>% of the Average Volume to total number of issued HSH Shares as at the date of the Announcement <i>(Note)</i></b>
<b>2017</b>			
June (from 27 June 2017)	4	15,282,966	0.951
July	21	8,168,855	0.508
August	22	2,256,742	0.140
September	21	1,020,516	0.063
October	20	905,013	0.056
November	22	637,862	0.040
December	19	1,168,450	0.073
<b>2018</b>			
January	22	1,069,683	0.067
February	18	620,667	0.039
March	21	2,226,749	0.139
April	19	361,347	0.022
May	21	576,742	0.036
June (up to and including the date of the Announcement)	17	916,826	0.057

*Source: the Stock Exchange website (www.hkex.com.hk)*

*Note:* based on 1,607,457,172 HSH Shares in issue as at the date of the Announcement.

The above table shows that trading in the HSH Shares had been thin during the Review Period. Moreover, there was no single month during which the average daily volume of HSH Shares traded per month was above the total number of Sale Shares under the Disposal. Given that the HSH Shares are highly illiquid, the disposal of large block of

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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HSH Shares held by the Company in the open market would likely to trigger price slump of the HSH Shares.

In light of that (i) the Consideration (a) was above the Acquisition Cost; (b) represents premiums over the prevailing market prices of HSH Shares; and (c) was above the closing prices of HSH Shares on a majority number of trading days in 2018 up to and including the date of the Announcement; and (ii) the HSH Shares are highly illiquid, thus the disposal of large block of HSH Shares held by the Company in the open market would likely to trigger price slump of HSH Shares, we are of the opinion that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

### 3. Possible financial effects of the Disposal

With reference to the Letter from the Board, the carrying value of the Sale Shares as at 31 December 2017 in the books of the Company was approximately HK\$2,110,380,000.

According to the Directors, the Company is expected to recognise a fair value gain of approximately HK\$220 million in its income statement for 2018 on Completion. The Sale Shares are all the HSH Shares owned by the Company. The gain to be recognised is the difference between the Consideration and the aggregate of the carrying amount of those Sale Shares owned by the Company as at 31 December 2017 (its latest financial year end) and the cost in the books of the Company of those Sale Shares subsequently acquired by it, i.e. HK\$2,359 million less HK\$2,139 million. As further advised by the Directors, the Sale Shares were subject to margin financing arrangements totaling HK\$958 million with Independent Third Parties. They have since been repaid to the extent of approximately HK\$400 million and will be terminated at Completion and the Company will pay the outstanding balance of approximately HK\$585 million to those Independent Third Parties. The Disposal will reduce those liabilities of the Group accordingly and after the Disposal, the Company will no longer enjoy any dividends from the Sale Shares.

After repayment of the aforesaid remaining margin financing facilities, it is expected that the Company will receive net proceeds (before transaction costs) of approximately HK\$1,774 million, and the Special Dividend in the aggregate amount of approximately HK\$1,500.46 million will be paid in cash out of the net proceeds from the Disposal. In the event that the Special Dividend is not approved by the Independent Shareholders, the entire net proceeds of the Disposal (and, if it is approved, the balance of the net proceeds after the Special Dividend) will be used for general working capital and for acquisitions of assets that are perceived to be attractive investment opportunities. Shareholders may refer to the section headed “Reasons for and benefits of the Disposal” of the Letter from the Board on information regarding the relevant breakdown.

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

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

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

*Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance.*

## 1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for the year ended 31 March 2016, the nine months ended 31 December 2016 and the year ended 31 December 2017 is disclosed in the following documents which have been published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/taiunited/index.htm](http://www.irasia.com/listco/hk/taiunited/index.htm):

- Annual report of the Company for the year ended 31 March 2016  
(hyperlink: [http://www.irasia.com/listco/hk/taiunited/annual/ar162465-ew\\_00718ar\\_03062016.pdf](http://www.irasia.com/listco/hk/taiunited/annual/ar162465-ew_00718ar_03062016.pdf))
- Annual report of the Company for the nine months ended 31 December 2016  
(hyperlink: [http://www.irasia.com/listco/hk/taiunited/annual/ar174078-ew\\_00718ar\\_29032017.pdf](http://www.irasia.com/listco/hk/taiunited/annual/ar174078-ew_00718ar_29032017.pdf))
- Annual report of the Company for the year ended 31 December 2017  
(hyperlink: <http://doc.irasia.com/listco/hk/taiunited/annual/2017/ar2017.pdf>)

## 2. WORKING CAPITAL

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

## 3. INDEBTEDNESS

As of the close of business on 31 May 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\$2,834 million.

### **Bank borrowings**

The total carrying amounts of the Group's outstanding bank borrowings as at 31 May 2018 were approximately HK\$448 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 loans**

The total carrying amounts of the Group's outstanding margin financing loans as at 31 May 2018 were approximately HK\$1,020 million which were unguaranteed and secured by held-for-trading investments owned by the Company and certain subsidiaries of the Group.

**Loan from a related company**

The total carrying amounts of the Group's outstanding unguaranteed and unsecured loan from a related company as at 31 May 2018 were approximately HK\$125 million.

**Other liabilities**

The total carrying amounts of the Group's other liabilities as at 31 May 2018 were approximately HK\$1,241 million and it was unguaranteed and unsecured.

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 May 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. 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 increasing market volatility triggering by such factors of financial instabilities, the Group has adopted a prudent approach on growing its investment portfolio through the acquisition of quality assets to ensure our financial position will not be compromised. Though in a slower pace, 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 crisis.

During the last two years of initial phase of the investment cycle, the Group has seized valuable opportunities to acquire certain asset investments, including real estates, securities, financial instruments and distressed assets, at relatively competitive prices. As global economy has gradually recovered and asset market valuations have driven up accordingly while the Group have been managing these assets over the past years, the Group will actively identify suitable investors to realize value appreciation of these assets and maximize cash recovery in the coming harvesting phase. Proceeds from such realization are anticipated to be utilized in future possible acquisition, reducing corporate gearing and/or distribution to shareholders, wherever and whenever appropriate after evaluating viable business opportunities and considering various business and operational factors.

Although the world 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 developing business while effectively

controlling financial risks, the Company is confident to identify and grasp investment opportunities that bringing sustainable profit growth and maximizing long-term returns for the Shareholders.

## **5. MATERIAL CHANGE**

Save as disclosed in the profit warning announcement issued by the Company on 23 July 2018, the Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

**RESPONSIBILITY STATEMENT**

1. 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 misleading.

**DISCLOSURE OF INTERESTS****Directors' interests in Shares**

2. As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

*Long positions in the Shares*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of the Company's issued share capital</b>
Ye Fei	Interest of spouse	280,000	0.01%

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 and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**Substantial Shareholders' Interests**

3. As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who 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 or had any options in respect of such capital are set out below:

Name of Shareholders	Beneficial Owner	Interests of Controlled Corporation	Total Interest	Approximate percentage of the Company's issued share capital
Satinu ( <i>Note 1</i> )	–	3,937,234,889	3,937,234,889	74.99%
Songbird SG Pte. Ltd. ("Songbird SG") ( <i>Note 2</i> )	1,281,805,667	2,655,429,222	3,937,234,889	74.99%
Tai He Financial Group Limited ("Tai He Financial")	2,655,429,222	–	2,655,429,222	50.58%

*Notes:*

- Songbird SG is wholly owned by Songbird GG Limited, which in turn is wholly owned by Songbird (Singapore) Holdings Limited, which in turn is wholly owned by Yellowbird Special Opportunities Fund, L.P. Yellowbird Capital Management (GP) Limited (as general partner of Yellowbird Special Opportunities Fund, L.P.), which in turn is wholly owned by Seekers Capital Group Limited, which in turn is wholly owned by Seekers Assets Limited, which in turn is wholly owned by Satinu, is deemed to be interested in the Shares held by Tai He Financial and Songbird SG.
- Tai He Financial is wholly owned by Songbird SG, which is deemed to be interested in 2,655,429,222 Shares held by Tai He Financial.

**LITIGATION**

4. As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any of its subsidiaries.

**DIRECTORS' SERVICE CONTRACTS**

5. As at the Latest Practicable Date, none of the Directors had entered, or 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).

**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

6. As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

7. Save as disclosed in this circular, none of the Directors are interested in any contract or arrangement entered into by the Company or any of its subsidiaries subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.
8. Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

**MATERIAL CONTRACTS**

9. The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years last preceding the date of this circular which are or may be material:
  - (a) the exclusivity agreement dated 11 August 2016 (London time) entered into between Wide Flourish Investments Limited (“**Wide Flourish**”) (a wholly-owned subsidiary of the Company) as purchaser, vendors who are third parties independent of the Company and its connected persons (“**connected persons**”, having the meaning ascribed thereto under the Listing Rules) and the vendors’ solicitors in relation to the acquisition of the entire equity interests in the companies which beneficially hold 100% interest in mid-sized luxury residential properties in London, United Kingdom, at a consideration of not more than HK\$1.3 billion, details of which are set out in the announcements of the Company dated 12 August 2016 and 14 September 2016;
  - (b) the underwriting agreement dated 1 September 2016 and entered into among the Company, Tai He Financial, TAI Capital LLC and Haitong International Securities Company Limited in relation to the issue of 3,002,184,872 new Shares at the

subscription price of HK\$1.00 per Share on the basis of two new Shares for every one then existing Share held on the record date, being 21 October 2016, details of which are set out in the announcement of the Company dated 2 September 2016, the circular of the Company dated 23 September 2016 and the prospectus of the Company dated 24 October 2016;

- (c) the sale and purchase agreement dated 24 September 2016 entered into among BG Residential Holdings Limited (an indirect wholly-owned subsidiary of the Company) as purchaser, The Rothschild Foundation (Hanadiv) Europe (“**RCBG Vendor A**”), The Rothschild Foundation (“**RCBG Vendor B**”), RCBG Residential (Jersey) Limited (“**MRB Vendor A**”), MoREOF BG Residential Holdings Limited (“**MRB Vendor B**”) and Brockton Capital I (Tenenbaum) Limited (“**MRB Vendor C**”) as vendors (collectively as the “**RCBG & MRB Vendors**”) in relation to the acquisition of (i) the issued shares of one pence each of RCBG Residential (UK) Limited (“**RCBG**”), comprising the 80 shares held by RCBG Vendor A and the 320 shares held by RCBG Vendor B; (ii) the issued shares of one pence each of MRB Residential Holdings Limited (“**MRB**”), comprising the 26,208 shares held by MRB Vendor A, the 49,392 shares held by MRB Vendor B, and the 14,400 shares held by MRB Vendor C; (iii) all amounts owing by RCBG to any one of the RCBG vendors as at completion; and (iv) all amounts owing by MRB to any one of the MRB vendors as at completion, at a total consideration of approximately GBP112,202,150 (equivalent to approximately HK\$1,155,682,145) (subject to adjustments upon completion), and the principal assets of both RCBG and MRB and their respective subsidiaries are three residential properties situated in Buckingham Gate, London, United Kingdom, details of which are set out in the announcement of the Company dated 25 September 2016 and the circular of the Company dated 18 October 2016;
- (d) the subscription agreement dated 28 September 2016 and entered into between the Company, Mr. Chua Hwa Por, Tai He, Tai Infinite Holdings Group Limited (“**Tai Infinite**”), Cheer Hope Holdings Limited, Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC – Fund I SP) and Songhua Investment Holding Limited in relation to the issue by the Company of the 5% redeemable fixed coupon guaranteed, secured and unsubordinated notes in the total principal amount of up to US\$180,000,000 with an initial maturity date on the second anniversary of the issue date (subject to extension for another year) (“**5% Notes**”), and the proposed grant of up to 279,000,000 unlisted warrants by the Company entitling the holder thereof to subscribe for one Share at the initial subscription price of HK\$1.00 per Share at any time during the period from the seventh month from the date of issue of the 5% Notes up to the maturity of the 5% Notes, details of which are set out in the announcements of the Company dated 28 September 2016, 30 September 2016 and 5 October 2016 and the circular of the Company dated 15 December 2016;

- (e) 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, 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;
- (f) the sale and purchase agreement dated 24 November 2016 entered into between 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;
- (g) 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;
- (h) 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;
- (i) 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; 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;

- (j) 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;
- (k) 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;
- (l) the formal agreement for the sale and purchase dated 23 October 2017 in relation to the Excel Fine Disposal; and
- (m) the Sale and Purchase Agreement.

## EXPERTS AND CONSENTS

10. The following are the qualifications of the experts who have given opinions or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
VBG Capital Limited	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants

11. As at the Latest Practicable Date, the above experts 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.
12. The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they appears.

**GENERAL**

13. 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.
14. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Suites 1206–1209, 12th Floor, Three Pacific Place, 1 Queen’s Road East, Hong Kong.
15. The Hong Kong 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.
16. The English texts of this circular and the enclosed proxy form prevail over the Chinese texts.

**DOCUMENTS AVAILABLE FOR INSPECTION**

17. Copies of the following documents are available for inspection during normal business hours at the Company’s principal place of business in Hong Kong at Suites 1206–1209, 12th Floor, Three Pacific Place, 1 Queen’s Road East, Hong Kong from the date of this circular up to and including the date of the SGM:
  - (a) the memorandum of association and bye-laws of the Company;
  - (b) the annual reports of the Company for the year ended 31 March 2016, the nine months ended 31 December 2016 and the year ended 31 December 2017;
  - (c) the letters of consent referred to in the paragraph headed “Experts and Consents” in this Appendix;

- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (e) the letter from the Independent Financial Adviser to Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 28 of this circular;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular; and
- (g) a copy of each circular issued pursuant to the requirements of Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts of the Company including this circular.

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## NOTICE OF THE SGM

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### 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 Unit 810, L8, Core F, Cyberport 3, 100 Cyberport Road, Hong Kong, on Tuesday, 21 August 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed with or without amendment as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the Disposal of the Sale Shares, on and subject to the terms of the Sale and Purchase Agreement be and is hereby approved; and
- (b) the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Sale and Purchase Agreement and the Disposal and to agree to such variations of the terms of the Sale and Purchase Agreement and the Disposal as they may in their absolute discretion consider necessary or desirable.

Terms defined in the circular of the Company to its shareholders dated 31 July 2018 are used in this resolution with those defined meanings.”

2. “**THAT:**

the Special Dividend recommended by the Board of 28.58 HK cents per Share payable to Shareholders whose names appear on the register of members on the Record Date be and is hereby approved.

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## NOTICE OF THE SGM

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Terms defined in the circular of the Company to its shareholders dated 31 July 2018 are used in this resolution with those defined meanings.”

By Order of the Board  
**Tai United Holdings Limited**  
**Chen Weisong**  
*Chief Executive Officer*

Hong Kong, 31 July 2018

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
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. A form of proxy for use at the SGM is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the SGM convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. To be effective, 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 such power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event by 11:00 a.m. on Sunday, 19 August 2018 or not less than 48 hours before the time appointed for holding of the above SGM.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM convened and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. For the purpose of determining eligibility to attend and vote at the SGM as members of the Company, the register of members of the Company will be closed from Wednesday, 15 August 2018 to Tuesday, 21 August 2018, both days inclusive, on which period no transfer of the Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company’s Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 14 August 2018.

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## NOTICE OF THE SGM

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8. For the purpose of determining the entitlement to the Special Dividend (if the proposed Special Dividend is approved by the Shareholders at the SGM and the Consideration is received), the register of members of the Company will be closed from Monday, 27 August 2018 to Tuesday, 28 August 2018, both days inclusive, on which period no transfer of the Shares will be registered. All transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 24 August 2018.
9. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the SGM but before it has commenced, the SGM will be postponed. The Company will publish an announcement on the website of the Company at [www.irasia.com/listco.hk/taiunited/index.htm](http://www.irasia.com/listco.hk/taiunited/index.htm) and on the HKExnews website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this circular, the Board comprises the following Directors:

*Executive Directors:*

Mr. Chen Weisong (*Chief Executive Officer*)  
Mr. Xu Ke  
Mr. Ye Fei  
Mr. Wang Qiang  
Dr. Kwong Kai Sing Benny

*Independent non-executive Directors:*

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