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(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

PROPOSED SHARE PREMIUM CANCELLATION

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

A circular of the Company containing, among other matters, details of the Proposed Share Premium Cancellation and a notice convening the Special General Meeting will be despatched to the Shareholders on or before 28 September 2017.

PROPOSAL

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

REASON FOR THE PROPOSED SHARE PREMIUM CANCELLATION

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

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

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

EFFECTS OF THE PROPOSED SHARE PREMIUM CANCELLATION

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

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

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

CONDITIONS OF THE PROPOSED SHARE PREMIUM CANCELLATION

The Proposed Share Premium Cancellation will be conditional upon:

- (a) the passing of a special resolution by the Shareholders approving the Proposed Share Premium Cancellation at the Special General Meeting;

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

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

GENERAL

The Proposed Share Premium Cancellation is subject to, among other matters, the passing of a special resolution by the Shareholders at the Special General Meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the special resolution approving the Proposed Share Premium Cancellation.

A circular of the Company containing, among other matters, details of the Proposed Share Premium Cancellation and a notice convening the Special General Meeting will be despatched to the Shareholders on or before 28 September 2017.

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

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

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 718)
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Effective Date”	the date of the Special General Meeting, being the date on which the Proposed Share Premium Cancellation will be completed and become effective (subject to the fulfillment of the conditions set forth in the section headed “Conditions of the Proposed Share Premium Cancellation” in this announcement)
“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
“Proposed Share Premium Cancellation”	the proposed cancellation of the entire amount standing to the credit of the Share Premium Account as of the Effective Date to nil with the credit arising therefrom to be transferred to the Contributed Surplus Account and be applied in such manner as permitted under the laws of Bermuda and the Bye-laws

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

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

Hong Kong, 11 September 2017

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