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UPDATE ON FINANCIAL INFORMATION

This announcement is made by Tai United Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules).

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 (“**FY2019**”) and the information currently available, the board (“**Board**”) of directors (“**Directors**”) of the Company expects that the Group would record, for FY2019 (i) a substantial decrease in revenue for the year; and (ii) a substantial decrease in loss for the year. For the year ended 31 December 2018 (“**FY2018**”), the audited revenue of the Group and the audited consolidated loss of the Group were approximately HK\$4,314.2 million and HK\$553.4 million respectively.

The substantial decrease in revenue was mainly attributable to:

- (a) a substantial decrease in revenue in the financial services and asset management segment for FY2019, which was principally attributable to the absence of effective interest income during FY2019 as a result of the full redemption of the loan note receivable in 2018, details of which were disclosed in the interim report of the Company for the six months ended 30 June 2019. The effective interest income recorded by the Group for FY2018 was approximately HK\$130.6 million. In addition, the Directors have adopted a prudent investment strategy in identifying investment opportunities in securities investment and distressed debt asset management businesses in light of the prevailing unstable worldwide economy arising from US-China trade and the continuing social unrests in Hong Kong during the year of 2019. For FY2018, the Group recorded a revenue of approximately HK\$133.6 million in this segment;

- (b) a substantial decrease in revenue in the commodity and medical equipment trading segment as the management of the Group has adopted a highly prudent approach in this business segment in light of the increasing geopolitical tensions in some of the world's major resource-producing regions, the deteriorating trade relations between the world's two largest economies, i.e. United States and China in 2019 and their impacts on the increasing unpredictability of price fluctuation of the commodities. For FY2018, the Group recorded segment revenue of approximately HK\$4,085.3 million, almost all of which was attributable to the revenue arising from commodity trading. In addition, during FY2019, the Group has also recorded a decrease in revenue attributable to medical equipment trading; and
- (c) a substantial decrease in revenue from the property investment segment for FY2019, which was principally attributable to the decrease in the rental income arising from the contracted disposal of a property in Hangzhou, the People's Republic of China ("**Hangzhou Property**"). For details, please refer to the announcement of the Company dated 25 August 2019. For FY2018, revenue of the property investment segment was approximately HK\$95.4 million.

The Directors attribute the substantial decrease in loss for FY2019 was mainly attributable to the combined effect of (i) the expected one-off gain on disposal of a subsidiary holding the Hangzhou Property for FY2019, which is subject to final audit; (ii) a substantial decrease in finance costs (for FY2018: approximately HK\$71.7 million); and (iii) a substantial decrease in other operating expenses (for FY2018: approximately HK\$209.5 million).

In addition to the adverse factors set out above, the Board also wishes to draw the attention of the shareholders and potential investors of the Company to the uncertainty as to whether there would be any impairment loss for FY2019 to be recognised for the mining rights to conduct mining activities in Mongolia and the Group's investment properties in the United Kingdom and a potential recognition of impairment loss on financial assets. The Group has engaged independent professional valuers to perform the valuation of the mining rights and the Group's investment properties in the United Kingdom and such valuations are still in progress. In case impairment loss is to be recognised, this would further affect the financial performance of the Company for FY2019.

The Company is still in the process of finalising its consolidated financial results for the FY2019. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the currently available information and may be subject to adjustments and amendments. Finalised results of the Group and other details will be disclosed in the 2019 results announcement to be published by the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Tai United Holdings Limited
Dr. Kwong Kai Sing Benny
Chief executive officer

Hong Kong, 10 February 2020

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

Executive Directors:

Dr. Kwong Kai Sing Benny (*Chief Executive Officer*)
Mr. Chen Weisong
Mr. Chow Chi Wah Vincent

Independent non-executive Directors:

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