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BUSINESS UPDATE – APPLICATION FOR STRIKING OFF OF A SUBSIDIARY AND CESSATION OF COMMODITY TRADING BUSINESS

This announcement is made by Tai United Holdings Limited (“**Company**”, together with its subsidiaries, “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Group.

APPLICATION FOR STRIKING OFF OF A WHOLLY-OWNED SUBSIDIARY AND CESSATION OF COMMODITY TRADING BUSINESS

The board of directors of the Company (“**Board**”) would like to announce that on 5 May 2020, the Board resolved to apply for striking off of Sino United Energy Pte. Ltd. (“**Sino United**”), a wholly-owned subsidiary of the Company, under the law of Singapore (“**Striking Off**”).

Sino United, a private company limited by shares incorporated in Singapore, is an indirectly wholly-owned subsidiary of the Company. Sino United has been principally engaged in commodity trading business and security trading business and is the only subsidiary of the Company engaging in the commodity trading business.

As a result of the Board’s resolution, the Group has also ceased to carry on the commodity trading business.

REASONS FOR APPLICATION FOR STRIKING OFF

As disclosed in the paragraphs headed “Management Discussion and Analysis – Business Review – (2) Commodity and Medical Equipment Trading – Commodity Trading” in the 2019 annual report of the Company, the extreme volatility of oil price since 2019 has, to a large extent, adversely affected the terms of supply of oil and/or other petroleum products granted to the Group by its suppliers, rendering the commodity trading business in this segment hardly commercially attractive, the management of the Company hence was not active in engaging

in any such trading activities in the year of 2019. As a result, the Group recorded no revenue generated from commodity trading for the year ended 31 December 2019. The commodity trading business therefore recorded a loss of approximately HK\$7.2 million, comparing to a loss of approximately HK\$11.2 million for 2018.

Since the beginning of the year 2020, crude oil prices have slumped dramatically on a perfect storm of demand destruction due to the global outbreak of novel coronavirus pandemic (“COVID-19”) resulting in lockdown of majority countries and oversupply caused by a price war between two of the largest oil producers, Saudi Arabia and Russia. In April 2020, the price of the United States crude May futures contract fell as low as minus \$37.63 a barrel for the first time in history as room to store the unneeded barrels of oil piling up during COVID-19 was literally running out. The market was further stunned by the filing for bankruptcy protection by one of Singapore’s giant oil traders which, according to reported news articles, has suffered about hundreds of million US dollars in losses from oil futures trading. The Directors expect that commercial banks will further tighten their credit controls over oil trading activities and such policy will inevitably impose additional pressure on the very thin margin of such business activities.

In light of the heightened unpredictability of oil price coupled with unprecedented decrease in demand for oil and petroleum products, the Board considers that it is no longer commercially attractive to engage in the trading of oil and other commodities as it is risky yet with a low rate of return. The Board believes that it is in the best interests of the Company and its shareholders as a whole to cease its commodity trading business at this stage so that the Group will be able to allocate more resources and management efforts to other business activities of the Company and/or to explore new lines of businesses with an aim to provide better returns for the shareholders of the Company.

The Board is of the view that, since the Group recorded no revenue generated from commodity trading for the year ended 31 December 2019 and up to the date of this announcement, the Striking Off and the cessation of commodity trading business shall have no material adverse impact to the financial performance and operation of the Group.

By Order of the Board
Tai United Holdings Limited
Kwong Kai Sing Benny
Chief Executive Officer

Hong Kong, 5 May 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