

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PROFIT WARNING

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).

The board (“**Board**”) of directors (“**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (“**1H2020 Period**”) and the information currently available, the Group expects to record, for 1H2020 Period, (i) a substantial decrease in revenue by more than 60%; and (ii) an substantial increase in consolidated loss before tax by more than 600%. For the corresponding period in the year 2019 (“**1H2019 Period**”), the unaudited revenue and the consolidated loss before tax of the Group was approximately HK\$16.0 million and HK\$9.0 million respectively.

DECREASE IN REVENUE

The substantial decrease in revenue was mainly attributable to the following factors:

- (a) a substantial portion of the Group’s revenue during 1H2020 Period was contributed by the medical equipment trading segment, which has recorded a substantial decrease of more than 40% (for 1H2019 Period: approximately HK\$12.1 million). The decrease in revenue of this segment in 1H2020 Period was due to, among others, the temporary lockdown in early 2020 as a result of the serious outbreak of coronavirus pandemic (“**COVID-19**”) in the People’s Republic of China, where the medical trading business of the Group is operated in, and the weakened demand for the Group’s general medical equipment consumable goods and optical medical devices which are not related to the prevention of COVID-19; and

- (b) a substantial decrease in revenue in the property investment segment by more than 90% (for 1H2019 Period: approximately HK\$3.9 million). The only investment properties held by the Group during 1H2020 Period and 1H2019 Period was the luxury real estate (“**UK Properties**”) in premium location in central London, the United Kingdom (“**UK**”). Revenue recorded for this segment consists of rental income generated from the UK Properties. However, due to the widespread of COVID-19 in the UK during 1H2020 Period whereas central London was subject to a lockdown, tourism activities in the UK were minimal and hence the Group barely recorded any revenue from the UK Properties during 1H2020 Period.

The Directors also wish to update the shareholders of the Company and the investors that for 1H2020 Period, no segment revenue is expected to be recorded (for 1H2019 Period: nil) in relation to the (a) financial services and asset management segment; and (b) mining and exploration of natural resources segment. Regarding the financial services and asset management segment, as the current prospect and market condition are yet to be certain especially in light of the economic downturn and the elevated China-US tension, the Directors have adopted a prudent approach in investments and will continue to closely monitor the market conditions and to make timely investment decisions. Meanwhile, the Directors are currently actively engaging in the preparation for the commencement of the money lending business with a hope to opening up a new income stream for the Group. As for the mining and exploration of natural resources segment, the Group has yet to commence any actual mining operations and productions pending further studies regarding the revenue/cost margins of the mining projects. However, efforts have been made in approaching various corporations with mining expertise across the globe for the possible exploration partnership so as to minimise any potential exploration risks, failing which, the Group may commence mining operations and productions on its own.

INCREASE IN LOSS BEFORE TAX

The Directors attribute the substantial increase in loss before tax for 1H2020 Period to the combined effect of (i) an increase of impairment loss on mining rights of not less than HK\$50 million (for 1H2019 Period: nil); (ii) a net impairment losses under expected credit loss model of not more than HK\$14 million (for 1H2019 Period: a reversed impairment losses under expected credit loss model of approximately HK\$11.2 million); (iii) a change from other gains to other losses of not more than HK\$14 million which was mainly the exchange loss arising from the depreciation of Renminbi (for 1H2019 Period: other gains of approximately HK\$6.5 million); (iv) a decrease of employment benefits expenses and other operating expenses by around HK\$31 million in aggregate (for 1H2019 Period: approximately HK\$23.1 million and HK\$32.2 million respectively); (v) an absence of change in fair value of investment properties (for 1H2019 Period: approximately HK\$7.2 million); and (vi) a decrease in finance costs by not more than HK\$4 million (for 1H2019 Period: approximately HK\$8.2 million).

The Company is still in the process of finalising its consolidated financial results for 1H2020 Period. 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 results announcement for 1H2020 Period 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
Kwong Kai Sing Benny
Chief executive officer

Hong Kong, 19 August 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