太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "**Board**" or the "**Directors**") of Tai United Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016, as follows:–

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**6,742,975**	2,380,634
Other income	*5*	**17,040**	2,067
Other gains and loss	*6*	**52,715**	(16,882)
Purchases and changes in inventories		**(5,982,840)**	(2,341,661)
Employee benefits expenses		**(45,060)**	(12,288)
Other operating expenses		**(125,732)**	(24,217)
Changes in fair value of investment properties	*12*	**3,990**	–
Impairment loss on mining rights	*13*	**–**	(217,083)
Share of results of an associate		**(35)**	–
Finance costs	*7*	**(89,090)**	(15,277)
Profit (loss) before tax		**573,963**	(244,707)
Income tax (expense) credit	*8*	**(37,303)**	50,517
Profit (loss) for the period	*9*	**536,660**	(194,190)

	Notes	Six months ended 30 June **2017** ***HK$'000*** **(unaudited)**	 2016 *HK$'000* (unaudited)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**92,619**	(1,876)
Share of exchange difference of an associate		**466**	–
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate		**(619)**	–
Other comprehensive income (expense) for the period		**92,466**	(1,876)
Total comprehensive income (expense) for the period		**629,126**	(196,066)
Profit (loss) for the period attributable to:			
Owners of the Company		**536,582**	(193,923)
Non-controlling interests		**78**	(267)
		536,660	(194,190)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**628,875**	(195,797)
Non-controlling interests		**251**	(269)
		629,126	(196,066)
Earnings (loss) per share	*11*		
– Basic *(HK cents)*		**10.64**	(12.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	**30 June 2017 *HK$'000* (unaudited)**	31 December 2016 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**178,370**	182,567
Investment properties	*12*	**4,301,727**	3,625,760
Goodwill		**12,014**	12,014
Intangible assets		**31,725**	32,366
Mining rights	*13*	**454,541**	454,541
Interest in an associate		**–**	15,301
Loan note receivable	*14*	**1,517,311**	1,460,808
Available-for-sale investments		**63,881**	1,429
Pledged bank deposits		**15,977**	19,713
Other non-current assets		**10,742**	9,932
		6,586,288	5,814,431
Current assets			
Inventories		**2,233**	1,834
Financial assets designated as at fair value through profit or loss	*15*	**631,443**	452,600
Accounts receivable	*16*	**602,761**	85,063
Financial assets held for trading	*17*	**2,092,264**	651,856
Deposits, prepayments and other receivables		**65,896**	410,467
Financial derivative contracts		**42,947**	–
Amount due from a related company		**78,058**	–
Restricted bank deposits		**1,861,844**	841,106
Bank balances and cash		**917,314**	2,016,662
		6,294,760	4,459,588
Current liabilities			
Financial liabilities held for trading	*17*	**21,790**	–
Financial derivative contracts		**–**	12,685
Accounts and bills payables	*18*	**2,212,389**	910,591
Accrued liabilities and other payables		**143,912**	151,366
Borrowings	*19*	**2,455,189**	1,931,096
Amount due to ultimate holding company		**–**	14,728
Loan notes	*20*	**–**	1,412,116
Tax payables		**51,894**	26,724
		4,885,174	4,459,306
Net current assets		**1,409,586**	282
Total assets less current liabilities		**7,995,874**	5,814,713

	Notes	**30 June 2017** *HK$'000* **(unaudited)**	31 December 2016 *HK$'000* (audited)
Non-current liabilities			
Borrowings	*19*	**830,904**	–
Loan from a fellow subsidiary		**139,394**	171,444
Other non-current liabilities	*21*	**1,302,944**	1,165,586
Deferred tax liabilities		**253,706**	245,453
		2,526,948	1,582,483
Net assets		**5,468,926**	4,232,230
Capital and reserves			
Share capital	*22*	**262,501**	240,164
Reserves		**5,203,124**	3,989,016
Equity attributable to owners of the Company		**5,465,625**	4,229,180
Non-controlling interests		**3,301**	3,050
Total equity		**5,468,926**	4,232,230

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Contributed surplus reserve *HK$'000* *(Note a)*	Deemed capital contribution reserve *HK$'000* *(Note b)*	Translation reserve *HK$'000*	Statutory reserve *HK$'000* *(Note c)*	(Accumulated losses) retained profit *HK$'000*	Subtotal *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2016 (unaudited)	75,054	1,157,281	52,743	–	2,598	–	(322,598)	965,078	3,153	968,231
Loss for the period	–	–	–	–	–	–	(193,923)	(193,923)	(267)	(194,190)
Exchange differences arising from translation of foreign operations	–	–	–	–	(1,874)	–	–	(1,874)	(2)	(1,876)
Total comprehensive expense for the period	–	–	–	–	(1,874)	–	(193,923)	(195,797)	(269)	(196,066)
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	–	6,000	6,000
At 30 June 2016 (unaudited)	75,054	1,157,281	52,743	–	724	–	(516,521)	769,281	8,884	778,165
At 1 January 2017 (audited)	**240,164**	**4,341,585**	**52,743**	**7,312**	**(18,458)**	**–**	**(394,166)**	**4,229,180**	**3,050**	**4,232,230**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**536,582**	**536,582**	**78**	**536,660**
Exchange differences arising from translation of foreign operations	**–**	**–**	**–**	**–**	**92,446**	**–**	**–**	**92,446**	**173**	**92,619**
Share of exchange difference of an associate	**–**	**–**	**–**	**–**	**466**	**–**	**–**	**466**	**–**	**466**
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate	**–**	**–**	**–**	**–**	**(619)**	**–**	**–**	**(619)**	**–**	**(619)**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**92,293**	**–**	**–**	**92,293**	**173**	**92,466**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**92,293**	**–**	**536,582**	**628,875**	**251**	**629,126**
Issued of ordinary shares for acquisition of subsidiaries *(Note 25)*	**22,337**	**585,233**	**–**	**–**	**–**	**–**	**–**	**607,570**	**–**	**607,570**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**8,813**	**(8,813)**	**–**	**–**	**–**
At 30 June 2017 (unaudited)	**262,501**	**4,926,818**	**52,743**	**7,312**	**73,835**	**8,813**	**133,603**	**5,465,625**	**3,301**	**5,468,926**

Notes:

(a) The contributed surplus of the Group arose as a result of the Group reorganisation prior to its public listing on 2 October 1995 and represents the difference between the nominal value of the shares of the former holding company of the Group acquired pursuant to the Group reorganisation, over the nominal value of the shares of the Company issued in exchange therefore.

(b) Deemed capital contribution reserve represents the initial fair value adjustment on loan from a fellow subsidiary which is unsecured, interest bearing at 4.75% per annum and repayable on 28 December 2018.

(c) According to the relevant rules and regulations in the People's Republic of China (the "**PRC**"), each of the Company's PRC subsidiaries shall provide 10% of the annual net income after tax, based on the subsidiary's PRC statutory accounts, as a statutory reserve, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion.

The statutory reserve can be used to set off any accumulated losses or converted into paid-up capital of the respective subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Tai United Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the nine months ended 31 December 2016, the reporting period end date of the Company was changed from 31 March to 31 December because the directors of the Company (the "**Directors**") determined to align the annual reporting period end date with the financial year end date of the Company's principal operating subsidiaries established in the People's Republic of China (the "**PRC**"). Such change is in response to the increase in operations and number of Company's subsidiaries established and acquired in the PRC during recent years. The Directors consider that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Company. Accordingly, the condensed consolidated financial statements for the current interim period cover the six months ended 30 June 2017 and the corresponding comparative amounts shown in the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes covered 1 January 2016 to 30 June 2016.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the nine months ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 December 2017.

Also, in the current interim period, the Group invested in listed funds held for trading in Singapore with portfolios of identified financial instruments that the Group manages together and principally for the purpose of selling in near term. Certain listed funds held for trading in Singapore are classified as financial liabilities at fair value through profit or loss ("**FVTPL**") and are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sale of petrochemical products	**2,924,925**	1,615,721
Sale of metal-related products	**2,980,325**	725,717
Changes in fair value of financial assets (liabilities) held for trading	**569,523**	6,408
Effective interest income and arrangement fee income from loan note receivable *(Note 14)*	**108,338**	–
Changes in fair value of financial assets designated as at fair value through profit or loss	**73,993**	24,243
Property rental income	**72,346**	–
Sale of medical equipment and other general goods	**9,204**	8,545
Service fees, commission and broking income from financial services business	**4,321**	–
	6,742,975	2,380,634

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("**CODM**"), being the Chief Executive Officer of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided and the activities engaged, is set out below.

For management purpose, the Group is currently organised into seven (six months ended 30 June 2016: five) operating divisions summarised as follows:

(i) Financial services segment – provision of securities and margin financing, trading and brokerage of futures contracts, asset management and money lending business to customers in Hong Kong;

(ii) Securities investment segment – trading equity securities and derivatives in the PRC, Hong Kong and Singapore;

(iii) Commodity trading segment – trading of petrochemical products and metal-related products in Singapore;

(iv) Property investment segment – property investment and leasing of properties in the PRC, Hong Kong and the United Kingdom (the "**UK**");

(v) Distressed debt asset management segment – managing of assets arising from acquisition of distressed debts assets in the PRC;

(vi) Mining and exploitation of natural resources segment – mining and production of tungsten resources activities in the Republic of Mongolia ("**Mongolia**"); and

(vii) Sales of medical equipment and other general goods segment – trading of medical equipment and other general goods in the PRC.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

Six months ended 30 June 2017 (unaudited)

	Financial services *HK$'000*	Securities investment *HK$'000*	Commodity trading *HK$'000*	Property investment *HK$'000*	Distressed debt asset management *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Sales of medical equipment and other general goods *HK$'000*	Total *HK$'000*
Segment revenue	112,659	569,523	5,905,250	72,346	73,993	–	9,204	6,742,975
Segment results	62,941	529,909	(5,444)	46,358	61,987	(16,702)	(127)	678,922
Share of results of an associate								(35)
Foreign exchange gains, net								36,037
Gain on disposal of an associate								987
Unallocated finance costs								(63,070)
Central administration costs								(78,878)
Profit before tax								573,963

Six months ended 30 June 2016 (unaudited)

	Securities investment *HK$'000*	Commodity trading *HK$'000*	Distressed debt asset management *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Sales of medical equipment and other general goods *HK$'000*	Total *HK$'000*
Segment revenue	6,408	2,341,438	24,243	–	8,545	2,380,634
Segment results	(4,794)	4,087	22,570	(217,800)	13	(195,924)
Foreign exchange losses, net						(16,882)
Unallocated finance costs						(13,590)
Central administration costs						(18,311)
Loss before tax						(244,707)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both periods.

Segment result represents the profit earned or loss incurred before tax by each segment without allocation of central administration costs including Directors' emoluments, legal and professional fees, office rentals and other operating expenses, foreign exchange gains (losses), net, unallocated finance costs, gain on disposal of an associate and share of results of an associate. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Segment assets		
Financial services	**1,963,139**	2,063,330
Securities investment	**2,593,860**	1,846,081
Commodity trading	**2,485,215**	1,194,036
Property investment	**4,373,411**	3,664,866
Distressed debt asset management	**636,670**	497,256
Mining and exploitation of natural resources	**454,585**	454,584
Sales of medical equipment and other general goods	**8,921**	8,898
Total segment assets	**12,515,801**	9,729,051
Interest in an associate	**–**	15,301
Available-for-sale investments	**63,881**	1,429
Deposit paid for a potential acquisition	**–**	315,225
Amount due from a related company	**78,058**	–
Unallocated property, plant and equipment	**164,805**	163,272
Unallocated intangible assets	**4,130**	4,130
Other unallocated corporate assets	**54,373**	45,611
Consolidated total assets	**12,881,048**	10,274,019

	30 June 2017 *HK$'000* (unaudited)	31 December 2016 *HK$'000* (audited)
Segment liabilities		
Financial services	**1,326,500**	1,290,291
Securities investment	**833,633**	388,365
Commodity trading	**2,224,562**	809,927
Property investment	**1,262,670**	1,250,212
Distressed debt asset management	**141,009**	40,409
Mining and exploitation of natural resources	**93,571**	93,158
Sales of medical equipment and other general goods	**2,179**	797
Total segment liabilities	**5,884,124**	3,873,159
Amount due to ultimate holding company	**–**	14,728
Loan notes	**–**	1,412,116
Loan from a fellow subsidiary	**139,394**	171,444
Unallocated secured borrowings	**1,330,393**	498,471
Other unallocated corporate liabilities	**58,211**	71,871
Consolidated total liabilities	**7,412,122**	6,041,789

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than interest in an associate, available-for-sale investments, deposit paid for a potential acquisition, amount due from a related company, unallocated property, plant and equipment, unallocated intangible assets and other unallocated corporate assets (including primarily unallocated bank balances and cash).

– all liabilities are allocated to reportable segments other than amount due to ultimate holding company, loan notes, loan from a fellow subsidiary, unallocated secured borrowings and other unallocated corporate liabilities.

5. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income from:		
– restricted bank deposits	**13,412**	–
– bank and other deposits	**3,086**	2,067
Sundry income	**542**	–
	17,040	2,067

6. OTHER GAINS AND LOSS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Foreign exchange gains (losses), net	**36,037**	(16,882)
Gain on fair value changes of financial derivative contracts	**55,950**	–
Gain on disposal of an associate	**987**	–
Profits attributable to the third parties' interests in consolidated structured entities	**(40,259)**	–
	52,715	(16,882)

7. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Imputed interest expense on loan from a fellow subsidiary	**6,007**	–
Interest expenses on		
– loans from ultimate holding company	**–**	13,575
– secured bank borrowings	**41,006**	–
– margin financing	**8,848**	1,687
– vendor financing loan	**1,102**	–
– loan notes	**29,421**	–
Bank charges	**1,726**	15
Others	**980**	–
	89,090	15,277

8. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income tax ("**EIT**")	**14,432**	73
Singapore Corporate Tax ("**CIT**")	**5,325**	–
Hong Kong Profits Tax	**11,085**	–
UK Profits Tax	**3,205**	–
Overprovision in prior year:		
Hong Kong Profits Tax	**(348)**	–
Deferred tax	**3,604**	(50,590)
	37,303	(50,517)

Hong Kong Profits Tax and Singapore CIT are calculated at 16.5% and 17.0%, respectively, on the estimated assessable profit for both periods.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Company operating in the PRC was 25% or at a lower concessionary rate of 9% for subsidiaries operating in the Tibet Autonomous Region for both periods.

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion Mongolian Turgrik ("**MNT**") of estimated taxable income and 25% on the amount in excess thereof. No provision for Mongolian income tax has been made in the condensed consolidated financial statement as there are no assessable profits for both periods.

UK Profits Tax is calculated at 19% (six months ended 30 June 2016: 20%) of estimated assessable profit for the six months ended 30 June 2017.

9. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived after charging (crediting):

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**5,982,840**	2,341,661
Depreciation of property, plant and equipment	**13,681**	464
Amortisation of intangible assets	**666**	–
Operating lease rental in respect of office premises	**15,079**	8,971
Gross rental income from investment properties	**(72,346)**	–
Less: direct operating expenses arising from investment properties that generated rental income	**6,485**	–
	(65,861)	–

10. DIVIDEND

Subsequent to the end of the reporting period, an interim dividend of HK$0.0181 per share (six months ended 30 June 2016: Nil) with total amount of approximately HK$95,000,000 in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil) has been proposed by the Directors.

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**536,582**	(193,923)

	Six months ended 30 June	
	2017	2016
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings (loss) per share	**5,045,160**	1,540,572

For the six months ended 30 June 2017, the weighted average number of shares for the purpose of basic earnings per share has been adjusted for the issuance of shares which form the consideration for the acquisition of Tai Infinite Holdings Group Limited and Excel Fine Holdings Limited (the "**Tai Infinite Group**") in March 2017. Details of the acquisition are set out in Note 25.

For the six months ended 30 June 2016, the weighted average number of shares for the purposes of basic loss per share has been adjusted retrospectively to reflect the bonus element arising from share subscriptions and share placing of the Company's new ordinary shares in November and December 2016, respectively.

No diluted earnings (loss) per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2016 (audited)	–
Additions	1,261,374
Acquired through acquisition of subsidiaries	2,049,856
Changes in fair value recognised in profit or loss	304,430
Exchange realignment	10,100
At 31 December 2016 (audited)	3,625,760
Acquired through acquisition of subsidiaries *(Note 25)*	606,529
Changes in fair value recognised in profit or loss	3,990
Disposals	(109,102)
Exchange realignment	174,550
At 30 June 2017 (unaudited)	4,301,727

13. MINING RIGHTS

The mining rights represent the rights to conduct mining activities in four locations of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have remaining legal lives of 15 to 20 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. There are no active mining operation of the Group has taken place yet during the six months ended 30 June 2017. The Group engaged a qualified mineral technical adviser to prepare an updated resource estimation technical report on the above tungsten mines and plan to engage a Mongolian professional firm to update the feasibility study report and the environmental impact assessment report based on the updated resource estimation technical report in second half of 2017.

The Directors were of the view that no impairment loss for the six months ended 30 June 2017 (six months ended 30 June 2016: impairment loss recognised of HK$217,083,000) need to be recognised for the mining rights in the condensed consolidated statement of profit or loss and other comprehensive income as the Directors did not notice any negative findings about the amount of tungsten reserve based on exploitation work conducted by the qualified mineral technical adviser up to announcement date. The Group also engaged an independent qualified professional valuer not connected with the Group, Jones Lang LaSalle Corporation Appraisal and Advisory Limited ("**JLL**"), to perform the valuation of the mining rights at 30 June 2017 based on the previous resource estimation technical report and the latest feasibility study report and the environmental impact assessment report prepared and issued in first half of 2017 and the results of the valuation conducted by JLL, support the Directors' view.

14. LOAN NOTE RECEIVABLE

	HK$'000
At 1 April 2016 (audited)	–
Loan notes subscribed	1,550,800
Loan note arrangement fee receipt in advance	(93,051)
Arrangement fee income recognised in profit or loss	3,059
At 31 December 2016 (audited)	1,460,808
Arrangement fee income recognised in profit or loss	46,143
Exchange realignment	10,360
At 30 June 2017 (unaudited)	1,517,311

Effective interest income and arrangement fee income generated from the loan note receivable amounted to HK$62,195,000 (six months ended 30 June 2016: Nil) and HK$46,143,000 (six months ended 30 June 2016: Nil), respectively, have been recognised in profit or loss during the six months ended 30 June 2017. The balance of loan note receivables are within credit period and neither past due nor impaired as of 30 June 2017 and 31 December 2016.

15. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group acquired distressed debt assets through public tenders in the PRC with collaterals, including residential, industrial and commercial buildings and land use rights located in the PRC. Such distressed debt assets are accounted for as financial assets designated at fair value through profit or loss according to their investment management strategy. The changes in fair value of financial assets designated as at fair value through profit or loss comprise realised gains from disposal of distressed debt assets and their unrealised fair value changes. Any interest income arising from such assets are also included in the changes in their fair values.

As at 30 June 2017, the fair value of the distressed debt assets was determined with reference to a valuation report prepared by JLL, an independent qualified professional valuer not connected with the Group, amounting to approximately HK$631,443,000 (31 December 2016: HK$452,600,000).

16. ACCOUNTS RECEIVABLE

	30 June 2017 *HK$'000* **(unaudited)**	31 December 2016 *HK$'000* (audited)
Accounts receivable arising from the sales of medical equipment and other general goods	**4,147**	2,907
Accounts receivable arising from the sales of petrochemical products and metal-related products	**529,879**	–
Accounts receivable arising from property rental income	**12,024**	–
Accounts receivable arising from the business of dealing in securities:		
– cash clients	**1,293**	529
– margin clients	**28,994**	29,847
– clearing house, brokers and dealers	**4,228**	–
Accounts receivable arising from the business of dealing in futures and options:		
– clients	**–**	26,045
– clearing houses, brokers and dealers	**22,236**	25,775
	602,801	85,103
Impairment loss in relation to:		
Accounts receivable arising from the business of dealing in securities:		
– margin clients	**(40)**	(40)
Total	**602,761**	85,063
Analysed of reporting purposes:		
Secured	**28,954**	29,807
Unsecured	**573,807**	55,256
Total	**602,761**	85,063

Accounts receivable from margin and cash clients arising from the business of dealing in securities, futures and options are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of broking business.

The following is an aged analysis of accounts receivable presented at the end of the reporting period, based on the invoice dates in relation to sales of medical equipment and other general goods, sales of petrochemical products and metal-related products and property rental income which approximated the respective revenue recognition dates:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**538,881**	631
31 – 90 days	**5,454**	1,207
91 – 120 days	**–**	185
Over 120 days	**1,715**	884
	546,050	2,907

No movements in the impairment allowance for bad and doubtful debts during the six months ended 30 June 2017 and 2016.

17. FINANCIAL ASSETS (LIABILITIES) HELD FOR TRADING

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Financial assets held for trading:		
Listed equity securities held for trading:		
– in Hong Kong	**2,038,224**	651,856
– in the PRC	**48,645**	–
	2,086,869	651,856
Listed funds held for trading in Singapore *(Note)*	**5,395**	–
	2,092,264	651,856

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Financial liabilities held for trading:		
Listed funds held for trading in Singapore *(Note)*	**21,790**	–

Note: The listed funds includes indices tracking markets and forward foreign currency exchange contracts.

18. ACCOUNTS AND BILLS PAYABLES

	30 June 2017 *HK$'000* **(unaudited)**	31 December 2016 *HK$'000* (audited)
Accounts payable arising from the business of dealing in securities:		
– clearing house, brokers and dealers	**–**	26,022
– cash clients	**5,520**	5,582
– margin clients	**46,463**	48,634
Accounts payable to clients arising from the business of dealing in futures and options	**43,908**	40,340
Bills payable arising from the purchase of petrochemical products and metal-related products	**2,116,498**	790,013
	2,212,389	910,591

No ageing analysis for accounts payable arising from the business of dealing in securities, futures and options is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of these businesses.

The following is an aged analysis of bills payables arising from the purchase of petrochemical products and metal-related products based on the bills issuance dates at the end of the reporting period:

	30 June 2017 *HK$'000* **(unaudited)**	31 December 2016 *HK$'000* (audited)
31 – 90 days	**195,147**	294,989
91 – 150 days	**930,408**	405,153
More than 151 days but within 1 year	**990,943**	89,871
	2,116,498	790,013

19. BORROWINGS

	30 June 2017 *HK$'000* (unaudited)	31 December 2016 *HK$'000* (audited)
Secured variable-rate bank borrowings	**1,560,005**	1,598,250
Less: loan raising costs	**(7,296)**	(8,865)
	1,552,709	1,589,385
Margin financing	**799,444**	310,590
Vendor financing loan	**–**	31,121
Note payable	**620,904**	–
Other borrowings	**313,036**	–
	3,286,093	1,931,096
Analysed of reporting purposes:		
Secured	**2,973,057**	1,931,036
Unsecured	**313,036**	–
	3,286,093	1,931,036
Amounts shown under:		
Current liabilities	**2,455,189**	1,931,096
Non-current liabilities	**830,904**	–
	3,286,093	1,931,096

20. LOAN NOTES

	HK$'000
At 1 April 2016 (audited)	–
Loan note issued	1,395,000
Add: loss on initial recognition of loan notes	440
Add: interest expense recognised in profit or loss	30,626
Less: transaction costs incurred	(13,950)
At 31 December 2016 (audited)	1,412,116
Add: interest expense recognised in profit or loss	29,421
Less: redemption of loan notes	(1,441,537)
At 30 June 2017 (unaudited)	–

During the six months ended 30 June 2017, the management of the Group has negotiated with Cheer Hope Holdings Limited, Songhua Investment Holding Limited and Haitong International Investment Fund SPC ("the **Loan Notes Holders**") for not granting any warrants and the Loan Notes Holders agreed to exercise their rights to demand for immediate repayment of the loan notes at an early redemption price at the end of the warrant long stop date, which is 30 March 2017. On 30 March 2017, the Company redeemed the loan notes from the Loan Notes Holders, at a consideration including interest of approximately HK$1,441,537,000.

21. OTHER NON-CURRENT LIABILITIES – INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

For the six months ended 30 June 2017, profits attributable to the third parties interests of approximately of HK$40,259,000 (six months ended 30 June 2016: Nil) in consolidated structured entities is presented in other gains and loss in the condensed consolidated statement of profit or loss and other comprehensive income and the third parties' interests in consolidated structured entities, including the principal and profits shared from the structured entities, amounted to approximately HK$1,302,944,000 (31 December 2016: HK$1,165,586,000) as at 30 June 2017 are included in other non-current liabilities in the condensed consolidated statements of financial position.

22. SHARE CAPITAL

	Number of shares *'000*	**Share capital** *HK$'000*
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2016 and 30 June 2016 (unaudited)	**1,501,093**	75,054
Subscription of new shares on 7 November 2016	**3,002,185**	150,110
Placement of new shares on 30 December 2016	**300,000**	15,000
At 31 December 2016 (audited)	**4,803,278**	240,164
Issue of shares on 24 March 2017 *(Note)*	**446,743**	22,337
At 30 June 2017 (unaudited)	**5,250,021**	262,501

Note: On 24 March 2017, the Company issued 446,742,544 ordinary shares which form the consideration for the acquisition of Tai Infinite Group. Details of the acquisition of subsidiaries are set out in Note 25.

23. OTHER COMMITMENTS

On 18 July 2016, the Company entered into a subscription agreement with Hua Lien International (Holding) Company Limited ("**Hua Lien**"), pursuant to which the Company conditionally agreed to subscribe a total of 3,700,000,000 shares in Hua Lien at the subscription price of HK$0.16 per share. The consideration of approximately HK$592,000,000 will be settled in cash by the way of the loan borrowed from the ultimate holding company.

On 27 March 2017, the Directors considered that the conditions precedent of the subscription agreement have not been fulfilled by the long stop date specified in the subscription agreement and the Directors has decided not to proceed with further negotiation to amend or extend the subscription agreement. The subscription agreement therefore has lapsed and the subscription contemplated thereunder will not be proceeded.

As at 30 June 2017, the Group has no other material commitments.

24. CHARGES ON ASSETS

The Group has the following charges on assets for bills payables and certain borrowings as set out in Notes 18 and 19 as at 30 June 2017:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Investment properties	**2,691,727**	2,062,800
Restricted bank deposits	**1,861,844**	841,106
Pledged bank deposits	**15,977**	19,713
Financial assets held for trading	**1,615,508**	651,856
Financial assets designated as at fair value through profit or loss	**–**	215,041
	6,185,056	3,790,516

In addition, the Group's 8% Note with an outstanding amount of approximately HK$620,904,000 was secured by all the shares of two wholly-owned subsidiaries, Best Future Investments Limited and Tai United Financial Group Limited.

25. ACQUISITION OF SUBSIDIARIES

On 5 January 2017, the Company entered into the sale and purchase agreement with the ultimate controlling shareholder (the "**Vendor**"), pursuant to which the Company has agreed to purchase the entire equity interest of the Tai Infinite Group and to accept the assignment of loans from the former shareholder of the Tai Infinite Group. The principal asset of the Tai Infinite Group is a commercial property located in Central, Hong Kong.

The acquisition has been completed on 24 March 2017 (the "**Completion Date**") and the consideration was satisfied by the allotment and issuance of 446,742,544 ordinary shares of the Company with par value of HK$0.05 each were issued. The fair value of the ordinary shares of the Company issued, determined using the published price available at the Completion Date amounted to HK$1.36, was amounted to HK$607,570,000, representing HK$22,337,000 as share capital and HK$585,233,000 as share premium.

As the Tai Infinite Group did not operate any business prior to the Completion Date and accordingly, the Group considers the nature of this acquisition as acquisitions of assets in substance and the consideration has been attributed to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items.

Details of the above were set out in the Company's announcements dated 5 January 2017 and 24 March 2017, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2017, the global economy has experienced an ongoing recovery, and the developed economies have generally enjoyed a smooth and steady growth. The economies of the United States of America (the "**US**"), the Eurozone and Japan are basically gaining improvement, while emerging economies, such as the People's Republic of China (the "**PRC**"), India, etc., continued to lead the growth. However, the global recovery was rather imbalance. Accompanied by the discussion on and implementation of the downsizing of balance sheet by the US Federal Reserve, the uncertainties arising from Brexit and the development of geopolitical conflicts, the global economy was still exposed to numerous risks and full of uncertainties. Amid such macro-environment, the Group has been striving to diversify its business and expand its global footholds, as well as identify quality investment opportunities around the global market, with an aim to generate stable returns and create value growth for its shareholders.

OPERATION HIGHLIGHT

(1) Successful transformation to a non-bank financial institution

During the period, adhering to its basic principle of "establishing a strong foothold by innovation and improvement, investment with a macro-perspective and offering wealth-building services", and based on its established development strategic plan, the Group continued to optimize its business structure and at the same time to enhance its profitability. By means of swift resources integration, the Company has been transformed to a non-bank financial institution involving business such as investment and assets management, engages in the provision of financial services and possesses with a platform with internationalized listing management standards.

With effect from 4 September 2017, the classification of industry of the Company under the Hang Seng Indexes Classification System will be changed from the sub-category of Specialty Chemicals under Materials to the sub-category of Investment & Asset Management under Financial Industry.

(2) Steady improvement in financial performance

The Group has proactively tackled with the complicated and evolving market situation and maintained a moderate leverage level, resulting in satisfactory operating results with overall financial performance for the period significantly outperforming that of the same period in 2016. In the first half of 2017, the revenue of the Group was HK$6,743 million, representing a growth of 183% as compared to the same period of 2016. The net profit was HK$537 million. As at 30 June 2017, the total assets of the Group were HK$12,881 million, representing an increase of 25% as compared over the end of last year, while the net assets were HK$5,469 million, representing an increase of 29% as compared over the end of last year. During the period, the return on equity of the Group was 9.82%.

(3) A subsidiary gained the approval as a registered fund management company

Tai United Asset Management Pte. Ltd., an indirect wholly-owned subsidiary of the Company, was approved by the Monetary Authority of Singapore as a registered fund management company on 2 June 2017 to carry on fund management business in Singapore. This will further foster the overseas footholds of the Group and enrich the profile of its financial services segment.

Furthermore, the Company was included as a constituent of the MSCI Hong Kong Small Cap Index with effect from June 2017. Besides, with effect from 4 September 2017, the Company will be included as a constituent of Hang Seng Global Composite Index and Hang Seng Composite SmallCap Index, respectively, demonstrating the investors' recognition and confidence of the Company's performance in the capital market.

BUSINESS REVIEW

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

(1) Investment and Assets Management

Distressed Debt Asset Management

Our onshore professional team has been proactively tapping into the value gap of distressed debt assets in the PRC, building up various investment channels and acquired quality distressed bank loan portfolio strategically through public tenders, in a bid to maximize its overall revenues by integrating features of individual debtor and collaterals for different disposal methods.

Distressed debt asset management business achieved sustainable expansion during the period by means of establishing partnership with an individual third party, to make diversified investment and reduce risk exposures. It also increased the returns by investment leverages and explored and sought for more diversified investment models for future operation of this segment.

As at the end of this period, the distressed debt assets held by the Group measured at fair value amounted to HK$631 million, representing an increase of 39% over the end of previous year.

Property Investment

In order to seize the opportunities arising from the development of real estate in major developed regions both onshore and offshore, benefit from the long term rental returns and asset appreciation and enhance the diversity and stability of the Group's profit, the Group has commenced property investment in Hangzhou, Hong Kong and London. As at the end of this period, the investment properties held by the Group measured at fair value amounted to HK$4,302 million, representing an increase of 19% over the end of previous year. Except for the new acquisition activities during the period, the increase in the total assets is also due to the assets appreciation brought by strong Great British Pound ("**GBP**") and Renminbi ("**RMB**").

Commodity Trading

The Group attached great importance on non-ferrous metals and energy and chemical products, by capitalizing on its well-established supply chain relationship in the industry both at home and abroad and diversified banking products, it commenced spot commodity trading, supply chain management and risk-free arbitrage businesses. During the period, driven by the PRC's supply-side reform, real estate market expansion, expectation of US's booming infrastructure construction and growth in global demands, the investment sentiment of base metal market appears positive with prices of copper and aluminium seeing rise. During the period ended 30 June 2017, the revenue generated from commodity trading amounted to HK$5,905 million, representing an increase of 152% over the same period of previous year.

Securities Investment

Leveraging on the strategic geographical location of Hong Kong and Singapore and the development of investment market in the PRC, the Company carried out securities investment business in secondary market with its internal funds. With listed shares of large-scale and quality companies as our primary investment targets, we aim to pursue capital appreciation and stable dividend income. As at the end of this period, the listed equity securities investment held by the Group amounted to HK$2,087 million.

(2) Financial Services

As for the financial services segment, in 2016, the Group acquired the entire interest of a financial institution with type 1, 2 and 9 licences under the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) of The Securities and Futures Commission and a money lender's licence in Hong Kong. During the period, we have taken a proactive stance in reinforcing our infrastructure and have made some achievements in transformation and upgrading. During the period, Tai United Insurance Brokers Limited has completed its change of name and strived to strengthen its client base and diversify channel resources.

A subsidiary of the Group obtained the licence for fund management company granted by the Monetary Authority of Singapore in June 2017. Together with abovementioned securities investment and assets management business, the financial service platform of the Group has been preliminary formed.

In the first half of 2017, the Group's revenue generated from financial services was HK$4 million.

(3) Other Business

Mining and Exploitation of Natural Resources

In early 2017, the Group engaged a professional mining consultant to prepare an updated feasibility study report on the tungsten mines and proactively explore a practical plan to exploit the tungsten mines. During the first half of 2017, in order to conduct a more reasonable and reliable plan for drilling and exploration in Mongolian mines, accurate estimation on the investment value and potential, the management has made a more detailed development plan for Mongolian mines during the period.

In July 2017, the Group has engaged a professional mining and resources technical adviser to conduct exploration on the mines, the result of which will be prepared as an updated resource estimation technical report in the second half of 2017. The Board will formulate a business plan based on the result of further research and make an announcement in due course.

Sales of Medical Equipment and Other General Goods

The medical equipment and other general goods trading businesses have also shown steadily growth during the period. The revenue generated for the period amounted to HK$9 million, representing an increase of 8% over the same period of previous year.

Material acquisitions

*Acquisition of the entire issued share capital of Tai Infinite Holdings Group Limited and Excel Fine Holdings Limited (the "**Tai Infinite Group**")*

On 5 January 2017, the Company, as the purchaser, entered into the sale and purchase agreement with its controlling shareholder, as the vendor, pursuant to which the Company has agreed to purchase the entire equity interest of the Tai Infinite Group and accepted the assignment of loans from the former shareholder of the Tai Infinite Group. The principal asset of the Tai Infinite Group is a commercial property located in Central, Hong Kong.

The acquisition has been completed on 24 March 2017 (the "**Completion Date**") which was satisfied by the allotment and issuance of 446,742,544 ordinary shares of the Company.

Details of the acquisition of the Tai Infinite Group were set out in note 25 to the Condensed Consolidated Financial Statements of this announcement and the Company's circular dated 10 February 2017.

*Lapse of the subscription of new shares (the “**Subscription**”) of Hua Lien International (Holding) Company Limited (“**Hua Lien**”)*

On 18 July 2016, Tai United Investments Limited (a wholly-owned subsidiary of the Company), as the subscriber (the “**Subscriber**”), and Hua Lien, as the issuer, entered into a conditional subscription agreement (the “**Subscription Agreement**”) pursuant to which the Subscriber had conditionally agreed to subscribe for, and Hua Lien had conditionally agreed to allot and issue, 3,700,000,000 subscription shares (representing approximately 55.3% of the enlarged issued share capital of Hua Lien upon issue of the subscription shares to the Company and the issue of an additional 800,000,000 placing shares to independent third parties therewith simultaneously) at the subscription price of HK$0.16 per subscription share for a total subscription monies of approximately HK$592 million.

On 27 March 2017, the conditions precedents of the Subscription Agreement have not been fulfilled or waived (as the case may be) by the long stop date specified in the Subscription Agreement and the Company has decided not to proceed with further negotiation to amend or extend the Subscription Agreement. The Subscription Agreement therefore had lapsed and the Subscription contemplated thereunder would not proceed. The Company had withdrawn its application for the whitewash waiver thereunder accordingly.

Details of the Subscription are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016 and the announcements of the Company dated 10 August 2016, 29 September 2016, 28 October 2016, 30 November 2016 and 27 March 2017.

FINANCIAL REVIEW

Capital structure

As at 30 June 2017, the Group’s consolidated net asset was HK$5,469 million, representing an increase of HK$1,237 million as compared to that of HK$4,232 million as at 31 December 2016.

On 24 March 2017, the Company issued 446,742,544 new shares as the consideration for the acquisition of Tai Infinite Group. As at 30 June 2017, the Company has 5,250,019,852 shares of HK$0.05 each in issue and the total equity attributable to owners of the Company was approximately HK$5,466 million (31 December 2016: HK$4,229 million).

Fund raising activities

The issuance and redemption of loan notes and warrants

On 28 September 2016, the Company entered into the loan notes subscription agreement (the "**Loan Notes Subscription Agreement**") with 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 (collectively, the "**Investors**"), pursuant to which the Company conditionally agreed to issue, and the Investors conditionally agreed to subscribe for, the loan notes (the "**Loan Notes**") in the aggregate principal amount of not more than USD180 million (equivalent to approximately HK$1,395 million) with an initial term of 2 years from the date of issue, which may be extended for a further term of one year by the Company with the consent of the Loan Notes holders (the "**Loan Notes Holders**"). The Loan Notes were fully subscribed by the Investors on 30 September 2016. The Company received net proceeds of approximately HK$1,379 million.

Since there were no warrants (the "**Warrants**") being granted by the date falling six calendar months after the first closing date of the Loan Notes (i.e. 30 March 2017), or any other date as agreed in writing between the Loan Notes Holders and the Company (the "**Warrants Long Stop Date**"), in accordance to the Loan Notes Subscription Agreement, the Loan Notes Holders exercised early redemption rights by giving a written notice of early redemption to the Company and all of the Loan Notes held by the Loan Notes Holders were due and repaid.

Details of the issuance and redemption of the Loan Notes and Warrants were set out in note 20 to the Condensed Consolidated Financial Statements of this announcement and the Company's announcements dated 28 September 2016, 30 September 2016, 5 October 2016 and 5 January 2017 and the Company's circular dated 15 December 2016.

Placing of new shares

On 15 December 2016, the Company and Haitong Securities Co., Ltd. (the "**Placing Agent**") entered into a placing agreement (the "**Placing Agreement**"), pursuant to which the Company has conditionally agreed to place through the Placing Agent to subscribe for 300,000,000 placing shares (the "**Placing Shares**") to not less than six placees at a placing price (the "**Placing Price**") of HK$1.20 per placing share (the "**Placing**"), in order to broaden the shareholders' base and the capital base of the Company and enhance its existing balance sheet strength. The Placing Price of HK$1.20 per Placing Share represented (i) a premium of approximately 1.69% to the closing price of HK$1.18 per Share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 December 2016, being the date of the Placing Agreement; and (ii) a premium of approximately 7.72% to the average closing price of HK$1.114 per share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Placing Agreement. The Company intended to apply the net proceeds for general working capital of the Group and financing future acquisition should such investment opportunities arise. On 30 December 2016, the Placing was completed and the total of 300,000,000 new shares with an aggregate nominal value of approximately HK$15 million had been issued upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares allotted and issued to not less than six placees pursuant to the Placing Agreement. The Company received the net proceeds of approximately HK$358 million.

As at the date of this announcement, the net proceeds from the Placing were used as to (i) approximately HK$300 million for the repayment of the Loan Notes; and (ii) approximately HK$58 million as general working capital.

The issuance of note payable and other borrowings

In March 2017, the Group entered into a note instrument subscription agreement (the "**Note Agreement**") with an independent third party (the "**Subscriber**") pursuant to which the Group agreed to issue, and the Subscriber agreed to subscribe for, a 8% note (the "**8% Note**") in the aggregate principal amount of USD80 million (equivalent to approximately HK$621 million) with a term of 3 years from the date of issue. The 8% Note was fully subscribed by the Subscriber in March 2017.

In addition, in March 2017, the Group (the "**Borrower**") entered into a loan agreement with another independent third party (the "**Lender**"), pursuant to which the Group agreed to borrow HK$210 million from the Lender at an interest rate of 6% per annum with a term of 18 months upon signing of the loan agreement.

Details were set out in note 19 to the Condensed Consolidated Financial Statements of this announcement.

The proceeds raised from above will be applied to the repayment of Loan Notes and general working capital.

Liquidity and financial resources

As at 30 June 2017, the Group's bank balances and cash was HK$917 million (31 December 2016: HK$2,017 million), current assets of HK$6,295 million (31 December 2016: HK$4,460 million), current liabilities of HK$4,885 million (31 December 2016: HK$4,459 million). The current ratio was 1.29 times (Note 1) (31 December 2016: 1.00 time). As at the end of this period, the net current assets of the Group were HK$1,410 million (31 December 2016: HK$0.28 million).

As at 30 June 2017, the total debt financing of the Group was approximately HK$3,286 million (31 December 2016: HK$3,343 million), which including the current debt financing approximately HK$2,455 million (31 December 2016: HK$3,343 million), non-current debt financing approximately HK$831 million (31 December 2016: nil).

The net debt (Note 2) of the Group was HK$2,508 million (31 December 2016: HK$1,498 million) and the total equity was HK$5,469 million (31 December 2016: HK$4,232 million). Therefore, the gearing ratio (Note 3) as at the end of the period was 0.31 (31 December 2016: 0.26).

Note 1: Current ratio = Current assets/Current liabilities

Note 2: Net debt = Borrowings + Loan Notes + Loans from a fellow subsidiary – Bank balances and cash

Note 3: Gearing ratio = Net debt/(Total equity + Net debt)

The objective of the Group's funding and treasury management activities is to ensure a sufficient liquidity to meet operation needs and various investment plans.

The Group regularly reviewed the capital structure and key ratios of the SFC licensed subsidiaries to ensure that sufficient liquidity is maintained to meet the requirements of their business operations. During the period ended 30 June 2017 and up to the date of this announcement, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

Charges on group assets

Details were set out in note 24 to the Condensed Consolidated Financial Statements of this announcement.

Contingent liabilities

As at 30 June 2017, the Group had no material contingent liabilities (31 December 2016: nil).

Foreign currency exposure

The Group's financial statements are denominated in Hong Kong dollars ("**HKD**"), while the Group is conducting business mainly in HKD, United States dollars ("**USD**"), GBP and RMB. Since exchange rates of HKD is pegged to the USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the United Kingdom and the PRC subsidiaries of the Group are mainly denominated in GBP and RMB respectively, there were exchange risks during financial settlement at the end of reporting period in this regard.

The Group has implemented policies and guidelines in relation to foreign exchange risk management. Meanwhile, the subsidiaries in the United Kingdom and the PRC are able to generate sufficient income to deal with their local currency expenses; therefore, the management of the Company considered that the Group's exposure to the potential foreign currency risk was relatively limited.

PROVISION OF GUARANTEE

On 15 December 2016, the Company had entered into the deed of guarantee (the "**Deed of Guarantee**"), pursuant to which the Company had agreed to provide a guarantee (the "**Guarantee**") in favour of the shareholders of the non-voting participating redeemable shares in the capital of Haitong Global Investment SPC III (the "**Fund Portfolio Company**"), a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, which designated as Class P Participating Shares in Haitong Dynamic Multi-Tranche Investment Fund IV S.P., a segregated portfolio created by the Fund Portfolio Company, for the performance of the guaranteed obligations under the Deed of Guarantee. The maximum liability of the Company under the Guarantee is USD103 million.

Details of the provision of Guarantee are set out in the Company's announcement dated 15 December 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 140 (31 December 2016: 92) employees, of whom approximately 32.1% (31 December 2016: 54.3%) were located in Hong Kong and the rest were located in the PRC and overseas.

The Group recognises the employees as the key element that contributes to the Group's success. The Group's remuneration policies are formulated based on the individual performance and the salaries trends in various regions, which will be reviewed annually.

Apart from mandatory provident fund and medical insurance, the Company has adopted a share option scheme under which share options may also award to the Directors and eligible employees as an incentive with reference to the assessment of individual performance. The Board believes that the Group maintains an admirable relationship with the employees.

INTERIM DIVIDEND

The Board has declared the payment of an interim dividend of HK1.81 cents (six months ended 30 June 2016: nil) per share for the six months ended 30 June 2017 (the "**2017 Interim Dividend**"), absorbing an amount of approximately HK$95 million and will be payable on or before Tuesday, 31 October 2017 to the shareholders whose names appear on the registers of members of the Company on Friday, 29 September 2017.

PROSPECTS

The development paces of different economic entities vary albeit the global economy showing signs of recovery. The uncertainties arising from Brexit and the deterioration of geopolitic conflicts may bring downside risks towards the market.

Leveraging on the satisfactory results in the first half of this year, the Group will focus on strengthening the edges of each segment and enhancing its overall competitiveness. Furthermore, it will make timely adjustment in line with market changes and capture potential investment opportunities, in a bid to continue to optimize its assets allocation and reinforce management capability, aiming to achieve sustainable and organic development and bring valuable returns to the shareholders.

PURCHASE, SALE OR REDEMPTIONS OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. During the six months ended 30 June 2017 and up to the date of this announcement, the Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for certain deviations disclosed herein.

Under code provision A.1.3 of the CG Code, notice of at least 14 days in advance should be given of a regular board meeting to give all directors an opportunity to attend. During the six months ended 30 June 2017, certain Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, the individual Board meeting was held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavour to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman of the Board and chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. During the period ended 30 June 2017, Mr. Chua Hwa Por ("**Mr. Chua**") and Dr. Meng Zhaoyi ("**Dr. Meng**") was the chairman of the Board and the CEO, respectively. However, with effect from 11 July 2017, Mr. Chua ceased to act as the chairman of the Board and Dr. Meng took up the position as the acting chairman of the Board subsequently. Taking into consideration of the qualifications, skills and experience of Dr. Meng, the Company believes that he is capable to discharge the duties as an acting chairman of the Board. Furthermore, the Company is in the process of identifying a suitable candidate to be appointed as the new chairman of the Board and will keep shareholders of the Company informed of such appointment by a further announcement in due course.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term subject to re-election. Independent non-executive Directors are not appointed for a specific term. However, all Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

According to the code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. During the six months ended 30 June 2017, Mr. Mao Kangfu was unable to attend the 2017 annual general meeting and the special general meeting held on 27 February 2017 due to his other business engagements. Dr. Gao Bin was unable to attend the special general meeting held on 27 February 2017 due to his other business engagements.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), as amended from time to time, as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' dealings in the Company's securities. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

The Company has an Audit Committee which was established with specific written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Codes contained in Appendix 14 to the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, assisting the Board to ensure effective risk management and internal control systems and providing advice and comments to the Board.

During the reporting period under review, the Audit Committee comprised four independent non-executive Directors, namely, Ms. Liu Yan, Mr. Mao Kangfu, Dr. Gao Bin and Mr. Tang King Shing; and Ms. Liu Yan is elected as the chairman of the Audit Committee. Mr. Tang King Shing, the independent non-executive Director, was appointed as a member of the Audit Committee from 1 February 2017.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 has been reviewed by the Audit Committee and the members are of the opinion that such statements comply the applicable accounting standards and that adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS

The registers of members of the Company will be closed from Wednesday, 27 September 2017 to Friday, 29 September 2017, both days inclusive, during which period no transfers of shares will be registered. In order to qualify for the 2017 Interim Dividend declared, all transfers of shares, duly accompanied by the relevant share certificates, must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:00 p.m. on Tuesday, 26 September 2017.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/taiunited/index.htm. The interim report of the Company for the six months ended 30 June 2017 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 29 August 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.