太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**" or the "**Directors**") of Tai United Holdings Limited (the "**Company**") announces the audited consolidated final results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018 together with the comparative figures of the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Revenue	3		
Goods and services		**4,088,275**	10,658,871
Rental		**95,366**	129,689
Interest		**130,579**	217,386
Net investment (losses) gains	5	**(186,343)**	237,650
Total		**4,127,877**	11,243,596

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Other income		**9,026**	40,939
Impairment losses, net of reversal		**(2,886)**	–
Other gains and losses	6	**(124,253)**	33,737
Purchases and changes in inventories		**(4,077,048)**	(10,646,473)
Employee benefits expenses		**(68,514)**	(105,066)
Other operating expenses		**(209,456)**	(208,080)
Changes in fair value of investment properties	12	**(124,942)**	148,875
Changes in fair value of assets classified as held-for-sale	18	**58,000**	20,000
Impairment losses on mining rights	13	**(109,704)**	–
Share of results of an associate		**(394)**	(35)
Finance costs	7	**(71,695)**	(177,788)
(Loss) profit before tax		**(593,989)**	349,705
Income tax credit (expense)	8	**40,596**	(37,614)
(Loss) profit for the year	9	**(553,393)**	312,091
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(76,802)**	174,650
Changes in fair value of available-for-sale investments		**–**	5,095
Share of exchange difference of an associate		**–**	466
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries		**–**	(53,452)
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate		**–**	(619)
Other comprehensive (expense) income for the year		**(76,802)**	126,140
Total comprehensive (expense) income for the year		**(630,195)**	438,231

	Notes	**2018** **HK$'000**	2017 *HK$'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(553,243)**	312,096
Non-controlling interests		**(150)**	(5)
		(553,393)	312,091
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(630,045)**	438,059
Non-controlling interests		**(150)**	172
		(630,195)	438,231
(Loss) earnings per share			
– Basic (HK cents)	11	**(10.54)**	6.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**19,833**	35,617
Investment properties	12	**856,463**	2,761,828
Goodwill		**–**	–
Intangible assets		**4,155**	4,655
Mining rights	13	**344,837**	454,541
Financial assets at fair value through profit or loss	14	**584**	–
Available-for-sale investments		**–**	70,919
Deferred tax assets		**615**	2,039
Other non-current assets		**6,000**	12,853
		1,232,487	3,342,452
Current assets			
Inventories		**1,333**	4,542
Financial assets at fair value through profit or loss	14	**10,247**	–
Financial assets designated as at fair value through profit or loss	15	**–**	446,660
Accounts receivable	16	**6,964**	166,617
Loan note receivable		**–**	1,472,118
Financial assets held-for-trading	17	**–**	2,244,524
Other receivables, deposits and prepayments		**13,158**	131,213
Financial derivative contracts		**–**	93,539
Structured deposits		**200,143**	89,020
Restricted bank deposits		**–**	1,117,534
Bank balances and cash		**1,167,972**	1,380,685
		1,399,817	7,146,452
Assets classified as held-for-sale	18	**1,740,466**	680,118
		3,140,283	7,826,570

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Current liabilities			
Financial liabilities held-for-trading	17	**–**	6,600
Accounts and bills payables	19	**737**	1,346,530
Accrued liabilities and other payables		**227,760**	180,300
Borrowings	20	**426,626**	2,203,852
Amount due to Tai Capital HK (as defined in Note 4)		**–**	192
Loan from Tai An Capital (as defined in Note 4)		**123,585**	121,847
Other liabilities		**–**	1,203,767
Tax payables		**49,714**	77,773
		828,422	5,140,861
Liabilities associated with assets classified as held-for-sale	18	**105,593**	–
		934,015	5,140,861
Net current assets		**2,206,268**	2,685,709
Total assets less current liabilities		**3,438,755**	6,028,161
Non-current liabilities			
Borrowings	20	**–**	620,904
Deferred tax liabilities		**65,733**	224,251
		65,733	845,155
Net assets		**3,373,022**	5,183,006
Capital and reserves			
Share capital	21	**262,501**	262,501
Reserves		**3,107,449**	4,917,283
Equity attributable to owners of the Company		**3,369,950**	5,179,784
Non-controlling interests		**3,072**	3,222
Total equity		**3,373,022**	5,183,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL

Tai United Holdings Limited (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In the opinion of the directors of the Company (the "**Directors**"), the Company's ultimate holding company is Satinu Resources Group Ltd., a company incorporated in British Virgin Islands with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company has been changed to Room 2902, 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong since 17 September 2018.

The Company is an investment holding company. The major businesses of its subsidiaries (together with the Company referred to as the "**Group**") are engaged in (i) financial services and asset management; (ii) commodity and medical equipment trading; (iii) property investment; and (iv) mining and exploitation of natural resources.

The consolidated financial statements presented in Hong Kong Dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of petrochemical products, metal-related products and medical equipment; and
- Services fees, commission and brokerage income.

At the date of initial application of HKFRS 15 on 1 January 2018, there is no material impact on the Group's consolidated financial statements with regards to the revenue recognition and no comparative information has been restated.

2.2 HKFRS 9 *Financial Instruments and related amendments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and lease receivables and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	**Available-for-sale**	**Financial assets designated as at FVTPL**	**Loan note receivable**	**Financial assets held-for-trading**	**Accounts receivable**	**Financial assets at FVTPL required by HKFRS 9**	**Deferred tax assets**	**Financial liabilities held-for-trading**	**Financial liabilities at FVTPL required by HKFRS 9**	**Accumulated losses**	**Investments revaluation reserve**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39		70,919	446,660	1,472,118	2,244,524	166,617	–	2,039	6,600	–	139,555	(5,095)
Effect arising from initial application of HKFRS 9:												
Reclassification												
From available-for-sale	(a)	(70,919)	–	–	–	–	70,919	–	–	–	(5,095)	5,095
From financial assets held-for-trading	(b)	–	–	–	(2,244,524)	–	2,244,524	–	–	–	–	–
From designated as at fair value through profit or loss ("**FVTPL**")	(b)	–	(446,660)	–	–	–	446,660	–	–	–	–	–
From financial liabilities held-for-trading	(c)	–	–	–	–	–	–	–	(6,600)	6,600	–	–
Remeasurement												
Impairment under ECL model	(d)	–	–	(10,010)	–	(6,479)	–	1,620	–	–	14,869	–
Opening balance at 1 January 2018		–	–	1,462,108	–	160,138	2,762,103	3,659	–	6,600	149,329	–

(a) ***Available-for-sale ("AFS") investments***

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's unlisted equity investments and investment funds of approximately HK$70,919,000 were reclassified from AFS investments to financial assets at FVTPL. No fair value gains relating to those unlisted equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and accumulated losses as at 1 January 2018. The fair value gains of approximately HK$5,095,000 relating to those investment funds previously carried at fair value were transferred from investments revaluation reserve to accumulated losses.

(b) ***Financial assets at FVTPL and/or designated at FVTPL***

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the distressed debt assets which are evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the distressed debt assets of approximately HK$446,660,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

The Group has reassessed its investments in equity securities classified as financial assets held-for-trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$2,244,524,000 of the Group's investments were reclassified from financial assets held-for-trading to financial assets at FVTPL.

The remaining financial assets at FVTPL are financial derivative contracts not designated as effective hedging instruments and structured deposits which are continued to be measured at FVTPL under HKFRS 9.

There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) ***Financial liabilities at FVTPL***

The Group has reassessed its investments in commodity future contracts classified as financial liabilities held-for-trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$6,600,000 of the Group's investments were reclassified from financial liabilities held-for-trading to financial liabilities at FVTPL.

(d) ***Impairment under ECL model***

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable except for those accounts receivable arising from property rental income classified as held-for-sale. Except for those which had been determined as credit-impaired under HKAS 39, accounts receivables have been assessed individually with outstanding significant balances and accounts receivable arising from property rental income classified as held-for-sale, the remaining balances are grouped based on internal credit rating.

Except for those which had been determined as credit-impaired under HKAS 39, ECL for other financial assets at amortised cost including other receivables, restricted bank deposits and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, additional credit loss allowance of HK$16,489,000 and increase in deferred tax assets of HK$1,620,000 have been recognised against accumulated losses. The additional loss allowance is charged against the respective assets.

All loss allowances for accounts receivable and loan note receivable as at 31 December 2017 reconciled to the opening loss allowances as at 1 January 2018 are as follows:

	Accounts receivable *HK$'000*	Loan note receivable *HK$'000*	Total *HK$'000*
At 31 December 2017 – HKAS 39	36	–	36
Amount remeasured through opening accumulated losses	6,479	10,010	16,489
At 1 January 2018	6,515	10,010	16,525

2.3 Impacts on opening consolidated statement of financial position arising from the application of HKFRS 9

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 *HK$'000* (audited)	HKFRS 9 *HK$'000*	1 January 2018 *HK$'000* (restated)
Non-current assets			
Financial assets at FVTPL	–	70,919	70,919
Available-for-sale investments	70,919	(70,919)	–
Deferred tax assets	2,039	1,620	3,659
Others with no adjustments	3,269,494	–	3,269,494
	3,342,452	1,620	3,344,072
Current assets			
Financial assets at FVTPL	–	2,691,184	2,691,184
Financial assets designated as at FVTPL	446,660	(446,660)	–
Accounts receivable	166,617	(6,479)	160,138
Loan note receivable	1,472,118	(10,010)	1,462,108
Financial assets held-for-trading	2,244,524	(2,244,524)	–
Others with no adjustments	3,496,651	–	3,496,651
	7,826,570	(16,489)	7,810,081
Current liabilities			
Financial liabilities at FVTPL	–	6,600	6,600
Financial liabilities held-for-trading	6,600	(6,600)	–
Others with no adjustments	5,134,261	–	5,134,261
	5,140,861	–	5,140,861
Net current assets	2,685,709	(16,489)	2,669,220
Total assets less current liabilities	6,028,161	(14,869)	6,013,292
Non-current liabilities			
Others with no adjustments	845,155	–	845,155
Net assets	5,183,006	(14,869)	5,168,137

	31 December 2017	HKFRS 9	1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
	(audited)		(restated)
Capital reserves			
Share capital	262,501	–	262,501
Reserves	4,917,283	(14,869)	4,902,414
Equity attributable to owners of the Company	5,179,784	(14,869)	5,164,915
Non-controlling interests	3,222	–	3,222
Total equity	5,183,006	(14,869)	5,168,137

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening statement of financial position as at 1 January 2018 as disclosed above.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

3. REVENUE

A. For the year ended 31 December 2018

Disaggregation of revenue for contracts with customers:

Segments	Financial services and asset management *HK$'000*	Commodity and medical equipment trading *HK$'000*	Total *HK$'000*
Types of goods and services			
Sales of commodity products			
Petrochemical products	–	**3,684,032**	**3,684,032**
Metal-related products	–	**361,419**	**361,419**
Sales of medical equipment	–	**39,836**	**39,836**
Service fees, commission and brokerage income	**2,988**	–	**2,988**
Total	**2,988**	**4,085,287**	**4,088,275**
Geographical markets			
Singapore	–	**2,662,477**	**2,662,477**
The People's Republic of China (the "**PRC**")	–	**1,422,810**	**1,422,810**
Hong Kong	**2,988**	–	**2,988**
Total	**2,988**	**4,085,287**	**4,088,275**
Timing of revenue recognition			
At a point in time	–	**4,085,287**	**4,085,287**
Over time	**2,988**	–	**2,988**
Total	**2,988**	**4,085,287**	**4,088,275**

B. For the year ended 31 December 2017

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

	HK$'000
Sales of petrochemical products	5,775,660
Sales of metal-related products	4,841,700
Sales of medical equipment	21,627
Service fees, commission, brokerage income and interest income from margin clients	19,884
Property rental income	129,689
Effective interest income from loan note receivable	217,386
	11,005,946

4. SEGMENT INFORMATION

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

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. In the prior year, the Group's reportable segments included "Financial services", "Securities investment", "Distressed debt asset management", "Commodity trading" and "Others" segments. In accordance with the way in which information is now reported internally to the CODM for purpose of resource allocation and performance assessment and the recent downsizing of certain reportable segments, the financial results of the Group's financial services segment, securities investment segment and distressed debt asset management segment are now reported within the "Financial services and asset management" segment while commodity trading segment and others segment are now reported within "Commodity and medical equipment trading" segment, respectively. Segment net investment (losses) gains and segment revenue are disclosed separately under "Financial services and asset management" segment in current year. Prior year segment disclosures have been represented to conform with the current year's representation.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

(i) Financial services and asset management segment by aggregating different operating segments including fund investment, provision of securities and margin financing, trading and brokerage of futures contracts, asset management, money lending business and insurance brokerage service to customers in Hong Kong; trading equity securities and derivatives in the PRC, Hong Kong and Singapore; and managing of assets arising from acquisition of distressed debts assets in the PRC;

(ii) Commodity and medical equipment trading segment by aggregating different operating segments including trading of petrochemical products and metal-related products in Singapore; and trading of medical equipment in the PRC;

(iii) Property investment segment by aggregating different operating segments including property investment and leasing of properties in the PRC, Hong Kong and the United Kingdom ("**UK**"); and

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

Segment revenue and results

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

Year ended 31 December 2018

	Financial services and asset management *HK$'000*	Commodity and medical equipment trading *HK$'000*	Property investment *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Total *HK$'000*
Segment revenue	**133,567**	**4,085,287**	**95,366**	**–**	**4,314,220**
Segment net investment losses	**(186,343)**	**–**	**–**	**–**	**(186,343)**
Total	**(52,776)**	**4,085,287**	**95,366**	**–**	**4,127,877**
Segment results	**(180,367)**	**(11,299)**	**(112,707)**	**(113,369)**	**(417,742)**
Gain on disposal of an associate					**394**
Share of results of an associate					**(394)**
Net foreign exchange losses					**(73,388)**
Changes in fair value of financial assets at FVTPL					**29**
Changes in fair value of structured deposits					**3,519**
Unallocated finance costs					**(34,855)**
Central administration costs					**(71,552)**
Loss before tax					**(593,989)**

Year ended 31 December 2017 (restated)

	Financial services and asset management *HK$'000*	Commodity and medical equipment trading *HK$'000*	Property investment *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Total *HK$'000*
Segment revenue	237,270	10,638,987	129,689	–	11,005,946
Segment net investment gains	237,650	–	–	–	237,650
Total	474,920	10,638,987	129,689	–	11,243,596
Segment results	257,769	33,395	258,905	(14,296)	535,773
Gain on disposal of an associate					987
Gain on disposal of a subsidiary					4,960
Share of results of an associate					(35)
Net foreign exchange gains					3,424
Changes in fair value of structured deposits					1,407
Unallocated finance costs					(110,209)
Central administration costs					(86,602)
Profit before tax					349,705

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

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, net foreign exchange (losses) gains, changes in fair value of structured deposits, unallocated finance costs, share of results of an associate, gain (loss) on disposal of an associate and subsidiaries and changes in fair value of financial assets at FVTPL. 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 segments:

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Segment assets		
Financial services and asset management	**1,149,694**	5,533,899
Commodity and medical equipment trading	**25,672**	1,392,209
Property investment	**2,618,734**	3,512,886
Mining and exploitation of natural resources	**346,718**	457,096
Total segment assets	**4,140,818**	10,896,090
Available-for-sale investments	**–**	70,919
Structured deposits	**200,143**	89,020
Unallocated financial assets at FVTPL	**584**	–
Unallocated property, plant and equipment	**15,610**	21,871
Unallocated intangible assets	**4,155**	4,155
Other unallocated corporate assets	**11,460**	86,967
Consolidated assets	**4,372,770**	11,169,022

	2018	2017
	HK$'000	*HK$'000*
		(restated)
Segment liabilities		
Financial services and asset management	**46,235**	2,395,458
Commodity and medical equipment trading	**5,364**	1,251,371
Property investment	**751,927**	780,141
Mining and exploitation of natural resources	**66,255**	93,679
Total segment liabilities	**869,781**	4,520,649
Amount due to Tai Capital (HK) Limited ("**Tai Capital HK**")	**–**	192
Loan from Tai An Capital (Shenzhen) Co. Ltd.* 太安資本(深圳)有限公司 ("**Tai An Capital**")	**123,585**	121,847
Unallocated borrowings	**–**	1,307,498
Other unallocated corporate liabilities	**6,382**	35,830
Consolidated liabilities	**999,748**	5,986,016

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

- all assets are allocated to operating and reportable segments other than structured deposits, unallocated financial assets at FVTPL (prior to application of HKFRS 9 on 1 January 2018: AFS investments), 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 operating and reportable segments other than amount due to Tai Capital HK, loan from Tai An Capital, unallocated borrowings and other unallocated corporate liabilities.

* *The English name is for identification purpose only.*

5. NET INVESTMENT (LOSSES) GAINS

	2018	2017
	HK$'000	*HK$'000*
Changes in fair value of financial assets at FVTPL	**(186,343)**	–
Changes in fair value of financial assets (liabilities) held-for-trading	**–**	157,049
Changes in fair value of financial assets designated as at FVTPL	**–**	80,601
	(186,343)	237,650

6. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Net foreign exchange (losses) gains	**(73,388)**	3,424
Profits attributable to the third parties' interest in consolidated structured entities	**(45,416)**	(82,001)
(Loss) gain on disposal of subsidiaries *(Note 23(a), (b) and (d))*	**(7,016)**	52,220
Loss on disposal of property, plant and equipment	**(2,541)**	–
Changes in fair value of structured deposits	**3,519**	1,407
Gain on disposal of an associate *(Note 23(c))*	**394**	987
Changes in fair value of financial derivative contracts	**166**	103,854
Changes in fair value of financial assets at FVTPL	**29**	–
Impairment losses on goodwill and intangible assets	**–**	(38,408)
Impairment losses on accounts receivable and other receivable, net	**–**	(7,746)
	(124,253)	33,737

7. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest expenses on		
– secured bank borrowings	**22,623**	54,640
– margin financing	**20,440**	29,506
– other borrowings and loan instrument	**19,618**	50,776
– loan from Tai An Capital	**9,014**	10,507
– loan notes	**–**	29,421
– vendor financing loan	**–**	1,123
Others	**–**	1,815
	71,695	177,788

8. INCOME TAX (CREDIT) EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
The PRC Enterprise Income Tax ("**EIT**")	**3,655**	26,817
Singapore Corporate Tax ("**CIT**")	**–**	12,689
Hong Kong Profits Tax	**9,635**	11,800
The UK Profits Tax	**–**	20,927
	13,290	72,233
Under(over) provision in prior years:		
Hong Kong Profits Tax	**–**	(226)
The PRC EIT	**188**	(195)
Singapore CIT	**206**	–
	394	(421)
Deferred tax	**(54,280)**	(34,198)
	(40,596)	37,614

Singapore CIT is calculated at 17% on the estimated assessable profit for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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 Group operating in the PRC was 25% or at a lower concessionary rate of 9% for subsidiaries operating in the Tibet Autonomous Region for both years.

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 of estimated taxable income and 25% on the amount in excess thereof. No provision for Mongolian income tax has been made in the consolidated financial statements as there are no assessable profits for both years.

The UK Profits Tax is calculated at 19% (2017: 19.25%) of estimated assessable profit for the year ended 31 December 2018.

9. (LOSS) PROFIT FOR THE YEAR

	2018 *HK$'000*	2017 *HK$'000*
(Loss) profit for the year has been arrived after charging (crediting):		
Directors' emoluments	**22,402**	27,603
Other staff costs:		
– Salaries, allowances and benefits in kind	**42,281**	72,598
– Retirement benefit scheme contributions	**3,831**	4,865
Total staff costs	**68,514**	105,066
Auditor's remuneration	**2,905**	4,780
Cost of inventories recognised as an expense	**4,077,048**	10,646,473
Depreciation of property, plant and equipment	**10,565**	20,425
Amortisation of intangible assets	**–**	1,342
Legal and professional fee	**14,794**	33,142
Operating lease rental in respect of office premises	**26,302**	28,501
Gross rental income from investment properties	**(95,366)**	(129,689)
Less: direct operating expenses arising from investment properties that generated rental income	**12,198**	13,099
	(83,168)	(116,590)

10. DIVIDENDS

	2018 *HK$'000*	2017 *HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2018 special dividend – HK28.58 cents (2017: 2017 interim dividend – HK1.81 cents) per share	**1,500,456**	95,025

Subsequent to the end of the reporting period, a special dividend in respect of the year ended 31 December 2018 of HK20 cents (2017: Nil) per ordinary share, in an aggregate amount of approximately HK$1,050,004,000 (2017: Nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming special general meeting.

11. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(553,243)**	312,096

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic (loss) earnings per share	**5,250,020**	5,149,656

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

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2017	3,625,760
Acquired through acquisition of subsidiaries	606,529
Changes in fair value recognised in profit or loss	148,875
Reclassified as held-for-sale	(660,000)
Disposals	(111,817)
Disposals through disposal of a subsidiary	(1,189,720)
Exchange realignment	342,201
At 31 December 2017	2,761,828
Changes in fair value recognised in profit or loss	(124,942)
Reclassified as held-for-sale	(1,660,976)
Disposals	(44,199)
Exchange realignment	(75,248)
At 31 December 2018	856,463

13. MINING RIGHTS

	HK$'000
COST	
At 1 January 2017, 31 December 2017 and 31 December 2018	1,003,034
IMPAIRMENT	
At 1 January 2017 and 31 December 2017	548,493
Impairment losses recognised	109,704
At 31 December 2018	658,197
CARRYING VALUES	
At 31 December 2018	344,837
At 31 December 2017	454,541

The mining rights represent four of the rights to conduct mining activities in the location of Ulaan Uul, Nogoonnuur Soum of Bayan-Ulgii Aimag ("**Ulaan Uul**"), Tsunkheg, Nogoonnuur Soum of Bayan-Ulgii Aimag ("**Tsunkheg**") and Khovd Gol, Tsengel Soum of Bayan-Ulgii Aimag ("**Khovd Gol**") in Mongolia. The mining right in Tsunkheg and the two mining rights in Ulaan Uul have remaining legal lives of 13 to 17 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Khovd Gol has a remaining legal life of 18 years, expiring in July 2036. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. The Directors are of the opinion that the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. No active mining operation of the Group has taken place yet during the year ended 31 December 2018.

The Group is in the process of identifying independent third parties for continuing potential cooperative arrangements as to carry out exploitation of the four mining rights in Ulaan Uul, Tsunkheg and Khovd Gol.

Mining rights are included in the mining and exploitation of natural resources segment which is a cash-generating unit, representing the Group's subsidiaries – Kainarwolfram LLC and Ikh Uuliin Erdenes LLC that holds mining rights for the purpose of impairment testing.

The Directors conducted an impairment assessment of the cash-generating unit that holds mining rights (the "**Mining CGU**"). For the purposes of impairment testing, the mining rights have been allocated to the Mining CGU represented by mining and exploitation of natural resources segment.

The recoverable amount is the higher of fair value less costs of disposal ("**FVLCD**") and value in use ("**VIU**"). The recoverable amounts of mining and exploitation of natural resources segment were determined based on VIU calculation and certain key assumptions.

During the years ended 31 December 2018 and 2017, the Group engaged an independent qualified mineral technical adviser to prepare an updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and they have conducted the first phase of exploitation work regarding the recoverable reserves, resources and exploration potential for the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol. Based on the updated resource estimation technical report issued by the qualified mineral technical adviser based on their the first phase of exploitation work conducted, the tungsten grades of the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol are considerately lower than the tungsten grades indicated in the previous resource estimation technical report while the volume of the exploration potential of the mining rights in Ulaan Uul and Tsunkheg is higher than the volume indicated in the previous resource estimation technical report. Considering the increment in the estimated volume of exploration potential of the mining rights in the updated resource estimation technical report, the management of the Group expected that longer period of lives of the mine for the overall exploitation work and revised the financial budgets covering a period of four to nineteen years for cash flow projection.

Based on the above findings from the updated resource estimation technical report, the Group engaged a PRC professional firm to update the feasibility study report and also engaged Jones Lang LaSalle Corporation Appraisal and Advisory Limited ("**JLL**"), independent qualified professional valuer, to perform the valuation of mining rights at 31 December 2018 based on the updated resource estimation technical report and the latest feasibility study report. With reference to the valuation of mining rights performed by JLL and the information available to the Group up to the report date, the Directors were in the view that impairment losses of the mining rights amounting to approximately HK$109,704,000 (2017: Nil) for the year ended 31 December 2018 need to be recognised for the Mining CGU in the consolidated statement of profit or loss and other comprehensive income as the recoverable amount of the Mining CGU was lower than (2017: higher than) its carrying amount.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018
	HK$'000
Distressed debt assets *(Note (a))*	**10,247**
Unlisted equity securities *(Note (b))*	**584**
	10,831
Analysed of reporting purposes as:	
Non-current assets	**584**
Current assets	**10,247**
	10,831

Notes:

(a) The Group acquired distressed debt assets through public tenders in the PRC with collaterals, including plant and machinery, residential, industrial and commercial buildings and land use rights located in the PRC. Such distressed debt assets are accounted for as financial assets at FVTPL upon adoption of HKFRS 9 on 1 January 2018. The changes in fair value of the distressed debt assets comprised 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, if any.

(b) The amounts represent investments in unlisted equity securities issued by a private entity established in the PRC.

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

Before application of HKFRS 9 on 1 January 2018, the Group recognised the distressed debt assets as disclosed in Note 14 as financial assets designated as at FVTPL according to their investment management strategy. The changes in fair value of the distressed debt assets comprised realised gains from disposal of distressed debt assets and their unrealised fair value changes on the collaterals of distressed debt assets. Any interest income arising from such assets are also included in the changes in their fair values, if any. Upon adoption of HKFRS 9, financial assets designated as at FVTPL have been reclassified as financial asset at FVTPL as disclosed in Note 2.2(b).

As at 31 December 2017, the fair value of the distressed debt assets was determined with reference to a valuation carried out by Jones Lang LaSalle Corporation Appraisal and Advisory Limited amounting to approximately HK$446,660,000.

16. ACCOUNTS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable arising from the sales of medical equipment	**7,147**	4,624
Accounts receivable arising from the sales of petrochemical products and metal-related products	**–**	27,558
Accounts receivable arising from property rental income	**–**	32,887
Accounts receivable arising from the business of dealing in securities:		
– margin clients	**–**	40,645
– cash clients	**–**	1,654
Accounts receivable arising from the business of dealing in futures and options:		
– clients	**–**	35,535
– clearing houses, brokers and dealers	**–**	21,587
Accounts receivable arising from the business of insurance brokerage	**–**	2,163
	7,147	166,653
Less: Allowance for doubtful debts in relation to accounts receivable arising from the business of dealing in securities – margin clients	**–**	(36)
Allowance for credit losses in relation to accounts receivable arising from the sales of medical equipment	**(183)**	–
	(183)	(36)
Total	**6,964**	166,617
Secured	**–**	40,609
Unsecured	**6,964**	126,008
Total	**6,964**	166,617

As at 31 December 2018 and 1 January 2018, accounts receivable from contracts with customers amounted to approximately HK$6,964,000 and HK$133,730,000 respectively.

The following is an aged analysis of accounts receivable presented at the end of the reporting period (net of allowance for credit losses), based on the invoice dates in relation to sales of medical equipment, petrochemical products and metal-related products, property rental income and insurance brokerage service which approximated to the respective revenue recognition dates:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**2,407**	10,661
31–90 days	**1,497**	38,450
91–120 days	**34**	15,416
Over 120 days	**3,026**	2,705
	6,964	67,232

17. FINANCIAL ASSETS (LIABILITIES) HELD-FOR-TRADING

	2017
	HK$'000
Financial assets held-for-trading:	
Listed equity securities held-for-trading in Hong Kong	2,244,524
Financial liabilities held-for-trading:	
Commodity futures contracts held-for-trading in Singapore	(6,600)

The fair values of the financial assets (liabilities) held-for-trading were determined based on the quoted market bid prices available on the relevant exchanges. Upon adoption of HKFRS 9, financial assets (liabilities) held-for-trading have been reclassified as financial asset at FVTPL and financial liabilities at FVTPL as disclosed in Note 2.2(b), respectively.

18. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The major classes of assets and liabilities classified as held-for-sale as at 31 December 2018 and 31 December 2017 are as follow:

	2018	2017
	HK$'000	*HK$'000*
	(Note i)	*(Note ii)*
Investment properties	**1,594,040**	680,000
Accounts receivable arising from property rental income	**68,558**	–
Other receivables, deposits and prepayments	**58,006**	118
Structured deposits	**19,812**	–
Bank balances and cash	**50**	–
Total assets classified as held-for-sale	**1,740,466**	680,118
Accrued liabilities and other payables	**9,441**	–
Tax payables	**1,342**	–
Deferred tax liabilities	**94,810**	–
Total liabilities classified as held-for-sale	**105,593**	–

Notes:

(i) On 31 August 2018, the Group had entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co., Ltd* ("**Hangzhou Tai Rong**") at a cash consideration of RMB1,550,000,000 (equivalent to approximately HK$1,777,695,000) and the principal asset of Hangzhou Tai Rong is the hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC. The Directors expected that the disposal will be completed during the year ending 31 December 2019. Accordingly, the above assets and liabilities of Hangzhou Tai Rong constitute as a disposal group of the Group are expected to be disposed within twelve months which were classified as held-for-sale and presented separately in the consolidated statement of financial position. No change in fair value was recognised in profit or loss on the date of reclassification. The Group received disposal deposits amounting to RMB155,000,000 (equivalent to approximately HK$176,483,000), equivalent to 10% of the total cash consideration.

(ii) On 23 October 2017, the Group had entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest of Excel Fine Holdings Limited ("**Excel Fine**") at a cash consideration of HK$738,000,000 on 28 March 2018 and the principal asset of Excel Fine is the commercial property units located on 79th Floor of The Center, Central, Hong Kong. Accordingly, the above assets of Excel Fine expected to be disposed within twelve months which were classified as held-for-sale as of 31 December 2017 and presented separately in the consolidated statement of financial position. The Group received disposal deposits amounting to approximately HK$110,700,000, equivalent to 15% of the total cash consideration. On 28 March 2018, the disposal was completed and details were set out in Note 23(a) and its change in fair value amounting to approximately HK58,000,000 was recognised in profit or loss on the same date.

* *The English name is for identification purpose only.*

19. ACCOUNTS AND BILLS PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Accounts payable arising from the purchase of medical equipment	**737**	1,364
Bills payable arising from the purchase of petrochemical products and metal-related products	**–**	1,242,218
Accounts payable arising from the business of dealing in securities:		
– clearing houses, brokers and dealers	**–**	12,127
– cash clients	**–**	6,597
– margin clients	**–**	28,384
Accounts payable to clients arising from the business of dealing in futures and options	**–**	53,546
Accounts payable arising from the business of insurance brokerage	**–**	2,294
	737	1,346,530

The following is an aged analysis of accounts payable arising from the purchase of medical equipment, bills payables arising from the purchase of petrochemical products and metal-related products and accounts payable arising from the business of insurance brokerage based on the invoices and bills issuance dates at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**640**	148,640
31–90 days	**97**	1,097,236
	737	1,245,876

20. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Secured variable-rate bank borrowings *(Note (a))*	**427,573**	889,889
Less: loan raising costs	**(947)**	(2,567)
	426,626	887,322
Margin financing loans *(Note (b))*	**–**	1,028,403
Loan instrument *(Note (c))*	**–**	620,904
Other borrowings *(Note (d))*	**–**	288,127
	426,626	2,824,756
Analysed of reporting purposes:		
Secured	**426,626**	2,536,629
Unsecured	**–**	288,127
	426,626	2,824,756

Notes:

(a) As at 31 December 2018, the variable-rate bank borrowings of approximately HK$427,573,000 (2017: HK$489,889,000) carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.75% (2017: 2.6%) per annum, which the effective interest rate is 3.52% (2017: ranging from 2.88% to 3.12%) per annum. In addition to above variable-rate bank borrowings, as at 31 December 2017, the Group has another variable-rate borrowing of approximately HK$400,000,000 carried interest at the Hong Kong Interbank Offered Rates ("**HIBOR**") plus a margin of 2.8% per annum, which the effective interest rate is 3.68% per annum.

(b) The margin financing loans were arranged with securities brokers which are independent third parties. As at 31 December 2017, the variable-rate margin financing loans of approximately HK$1,028,403,000 carried interest at the Hong Kong Dollar Prime Rate minus a margin ranging from 1.0% to 2.45% per annum and repayable on demand and the effective interest rate ranging from 2.8% to 4% per annum.

(c) During the year ended 31 December 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 US$80,000,000 (equivalent to approximately HK$620,904,000) with a term of 3 years from the date of issue. The 8% Note was fully subscribed by the Subscriber in March 2017 and the Group has early repaid the 8% Note to the Subscriber during the year ended 31 December 2018.

In accordance with the Note Agreement, the 8% Note was secured by all the equity shares of two wholly-owned subsidiaries, Best Future Investment Limited ("**Best Future**") and Tai United Financial Group Limited ("**TU Financial**"). The Group has released the charges on equity shares of Best Future and TU Financial for the purpose of disposing its 67% equity interest in Best Future in January 2018 as disclosed in Note 23(b) by issuing cashier's orders to the Subscriber amounting to HK$650,005,000.

(d) As at 31 December 2017, the other borrowings were arranged with independent third parties of approximately HK$288,127,000 which are unsecured, carried at fixed interest rate ranging from 5.0% to 6.0% per annum and repayable with a term of one to two years. One of these borrowings amounted to HK$210,000,000 was guaranteed by a former director of the Company.

	2018	2017
	HK$'000	*HK$'000*
The carrying amounts of the above borrowings are repayable: *(Note)*		
Within one year	**–**	1,202,981
More than two years, but not exceeding three years	**–**	620,904
	–	1,823,885
The carrying amount of secured borrowings that contains a repayment on demand clause (shown under current liabilities) but contractually repayable as follows:		
Within one year	**426,626**	700,871
More than one year, but not exceeding two years	**–**	300,000
	426,626	1,000,871
	426,626	2,824,756
Less: Amounts due within one year shown under current liabilities	**(426,626)**	(2,203,852)
Amounts shown under non-current liabilities	**–**	620,904

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

Details of charges over the borrowings are disclosed in Note 22.

21. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2017, 31 December 2017 and 31 December 2018	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2017	4,803,277,308	240,164
Issue of shares	446,742,544	22,337
At 31 December 2017 and 31 December 2018	5,250,019,852	262,501

22. CHARGES ON ASSETS

The Group has the following charges on assets for bills payables and certain borrowings as set out in Notes 19 and 20 at the end of the reporting period:

	2018 *HK$'000*	2017 *HK$'000*
Investment properties		
– Residential property units located in UK *(Note (a))*	**856,463**	1,080,848
– Commercial property units located in Hong Kong classified as held-for-sale *(Note (b))*	**–**	680,000
	856,463	1,760,848
Restricted bank deposits *(Note (c))*	**–**	1,117,534
Financial assets held-for-trading *(Note (d))*	**–**	2,244,524
	856,463	5,122,906

(a) The investment properties, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$427,573,000 (2017: HK$489,889,000).

(b) As at 31 December 2017, the investment properties classified as held-for-sale were pledged to a bank to secure a bank borrowing with an outstanding amount of approximately HK$400,000,000. This borrowing also guaranteed by Tai He Financial Group Limited.

(c) As at 31 December 2017, the restricted bank deposits were pledged to secure for letters of credit arising from the purchase of petrochemical products and metal-related products with an outstanding amount of approximately HK$1,242,218,000.

(d) As at 31 December 2017, the financial assts held-for-trading was pledged to securities brokers to secure for margin financing loans with an outstanding amount of approximately HK$1,028,403,000.

23. DISPOSAL OF SUBSIDIARIES AND AN ASSOCIATE

(a) Disposal of Excel Fine

On 23 October 2017, the Group had entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interest of Excel Fine at a cash consideration of HK$738,000,000 and the principal asset of Excel Fine is the commercial property units located on 79th Floor of The Center, Central, Hong Kong. As at 31 December 2017, the Group received disposal deposits amounting to approximately HK$110,700,000, equivalent to 15% of the total cash consideration. The remaining consideration of HK$627,300,000 was received on 28 March 2018 and the disposal was completed on the same date in which the Group lost control of Excel Fine. The net assets of Excel Fine at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Investment properties	738,000
Deferred tax liabilities	(976)
Net assets disposed of	737,024

	HK$'000
Gain on disposal of Excel Fine:	
Consideration received	738,000
Net assets disposed of	(737,024)
Gain on disposal included in other gains and losses	976

	HK$'000
Net cash inflow arising on disposal of Excel Fine:	
Cash consideration	738,000
Less: disposal deposits received	(110,700)
Net cash inflow	627,300

(b) First disposal of Best Future on 18 January 2018

On 17 January 2018, the Group had entered into sales and purchase agreements with two independent third parties to dispose of its 67% equity interest in Best Future, which engaged in provision of securities and margin financing, trading and brokerage of futures contracts, asset management and money lending business in Hong Kong at a total cash consideration of approximately HK$104,940,000. The disposal was completed on 18 January 2018, on which date the Group lost control of Best Future. The net assets of Best Future at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	2,233
Goodwill	–
Intangible assets	–
Other non-current assets	6,356
Accounts receivable	76,019
Other receivables, deposits and prepayments	2,886
Bank balances and cash	158,881
Accounts payable	(96,746)
Accrued liabilities and other payables	(3,375)
Tax payable	(44)
Net assets disposed of	146,210

	HK$'000
Loss on first disposal of Best Future on 18 January 2018:	
Consideration received	104,940
Fair value of the remaining 33% equity interest of Best Future *(Note)*	31,000
Net assets disposed of	(146,210)
Loss on disposal included in other gains and losses	(10,270)

Note: The Group retained significant influence over Best Future upon completion of the disposal on 18 January 2018 and the Group has accounted for the remaining 33% equity interest in Best Future as interest in an associate whose fair value at the date of disposal was HK$31,000,000.

Net cash outflow arising on first disposal of Best Future:

	HK$'000
Cash consideration received on 18 January 2018	104,940
Less: bank balances and cash disposed of	(158,881)
Net cash outflow	(53,941)

(c) Second disposal of Best Future on 1 June 2018

On 1 June 2018, the Group had entered into another sale and purchase agreement with another independent third party to dispose of its remaining 33% equity interests in Best Future at a cash consideration of HK$31,000,000. The disposal was completed in June 2018 and the Group has recognised a gain on disposal of approximately HK$394,000 in profit or loss which was calculated as follows:

	HK$'000
Gain on second disposal of Best Future on 1 June 2018:	
Cash consideration	31,000
Carrying amount of interest in Best Future at the date of disposal	(30,606)
Gain on disposal included in other gains and losses	394

	HK$'000
Net cash inflow arising on second disposal of Best Future:	
Cash consideration received on 1 June 2018	31,000

(d) Disposal of Tai United Insurance Brokers Limited ("Tai United Insurance")

On 26 June 2018, the Group had entered into sales and purchase agreements with an independent third parties to dispose of its entire equity interest in Tai United Insurance, which engaged in provision of insurance brokerage in Hong Kong at a total cash consideration of approximately HK$2,880,000. The disposal was completed on 31 October 2018, on which date the Group lost control of Tai United Insurance. The net assets of Tai United Insurance at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	207
Intangible asset	500
Accounts receivable	120
Other receivables, deposits and prepayments	6
Bank balances and cash	580
Accounts payable	(517)
Accrued liabilities and other payables	(294)
Net assets disposed of	602

	HK$'000
Gain on disposal of Tai United Insurance:	
Consideration received	2,880
Net assets disposed of	(602)
Gain on disposal included in other gains and losses	2,278

	HK$'000
Net cash inflow arising on disposal of Tai United Insurance:	
Cash consideration	2,880
Less: bank balances and cash disposed of	(580)
Net cash inflow	2,300

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The major businesses of the Group include (i) financial services and asset management; (ii) commodity and medical equipment trading; (iii) property investment; and (iv) mining and exploitation of natural resources.

(1) Financial Services and Asset Management

Financial Services

The Group's revenue generated from financial services business for the year ended 31 December 2018 was HK$134 million, representing a decrease of 43% as compared to last year. In which of such revenue, over 98%, i.e. HK$131 million (2017: HK$217 million) was derived from the effective interest income from the loan note investment. This revenue recorded a decrease as there was an early partial repayment of the outstanding principal amount of the loan note receivable during the second and third quarters of 2018 and the remaining outstanding principal amount has been repaid in December 2018. Also as the result of the Company disposed of 67% controlling interest in Best Future Investments Limited ("**Best Future**") in January 2018, the results of the securities brokerage and asset management business were not consolidated into the Consolidated Financial Statements of the Company subsequently. Details of which are set out in note 23(b) and (c) to the Consolidated Financial Statements and in the paragraph headed "Material Disposals" of this results announcement. Nevertheless, the overall performance of this business remained stable and recorded a profit of HK$86 million which was the same as last year.

Distressed Debt Assets Management

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

Throughout this financial year, the Group has reshuffled the investment portfolios of and realised certain capital gain from its various investments including distressed debt assets, with a view to maximising the returns to the shareholders of the Company (the "**Shareholders**") and carrying out better risk management. Since commencing the distressed debt assets management in April 2016, the Group has recovered from the sale of distressed assets investment of approximately HK$389 million and HK$449 million for the nine months ended 31 December 2016 and for the year ended 31 December 2017. Notwithstanding that the performance of this business was satisfactory in the previous years, the macro-economic environment in midst of the trade war between the United

States ("**US**") and China has becoming increasingly uncertain. Accordingly, the Board would consider to realise the distressed debt assets held in stock whenever there was any opportunity and restore the financial position of the Group in a timely and appropriate manner. As a result, the distressed debt assets held by the Group measured at fair value decreased to HK$10 million as at the end of the year, representing a decrease of 98%, from HK$447 million of the end of last year. The net investment gains of Distressed Debt Asset Management decreased from HK$81 million of 2017 to net investment losses of HK$13 million due to a fall in asset price under concerns over global economic slowdown, and the fact that the Group has recorded a loss in its disposal of certain distressed assets as disclosed in the Company's announcement dated 27 September 2018. Accordingly, the results of this business was decreased by HK$87 million to a loss of HK$31 million for the year as compared to a gain of HK$56 million of last year.

Securities Investment

Stock markets of Mainland China and Hong Kong were volatile in 2018 and remained turbulent throughout the year as the intensified trade dispute possibly exacerbated the capital outflow and currency depreciation. Against this backdrop of global uncertainties, the Group has adopted a prudent approach on maintaining its investments through decreasing the size of investment portfolios, in order to bolster corporate resilience against any possible issues and threats arising from international crisis. During the reporting year, the change in fair value of financial assets held-for-trading decreased from a gain of HK$157 million in 2017 to a loss of HK$173 million, and resulting in the Group recorded substantial losses of HK$234 million arising from trading securities business, comparing to a gain of HK$117 million for last year. As at the end of the year, the Group did not hold any listed equity securities investment (2017: HK$2,245 million). Details of the Group's significant investments as at the year ended 31 December 2017 were set out on the Company's announcement dated 4 September 2018.

On 26 June 2018, the Company entered into a sale and purchase agreement with Solis Capital Limited ("**Solis Capital**"), an associate (as defined under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")), which is wholly-owned by Satinu Resources Group Ltd ("**Satinu**")., the controlling Shareholder in relation to the proposed disposal of shares of The Hongkong and Shanghai Hotels, Limited ("**HSH**") held by the Group. Details of which are set out in the paragraph headed "Material disposals".

(2) Commodity and Medical Equipment Trading

Commodity Trading

2018 proved to be another year of mixed fortunes for the oil and gas industry-oil price rose and crashed in the year. In the first half year, pundits and market participants explained that the major factors in oil prices going above $70 included surprise announcement of the sanctions of US on Iran, the possibility for market tightening, and an acceleration in the decline of Venezuelan production. However, the price suddenly plummeted in the fourth quarter due to expectation on excessive supply of oil based on the initial decision by the Saudis, Russians and others to offset potential losses of Iranian oil, along with the Trump Administration's granting of waivers to major Iranian customers, and unexpectedly strong rise of US shale oil production. The management of the Group decided to adopt a more prudent approach in this extremely volatile market, leading to a significant decrease in both trading volume and transactions. As a result, revenue generated from commodity trading amounted to HK$4,045 million for the year ended 31 December 2018, representing a decrease of 62% over last year of HK$10,617 million. The commodity trading business recorded a loss of HK$11 million, comparing to a gain of HK$33 million last year, which was primarily attributable to the unexpected fluctuation in oil price and substantial decrease in trading activities.

Medical Equipment Trading

The revenue contribution from medical equipment trading was HK$40 million for the year ended 31 December 2018, representing an increase of 82% as compared to the year of 2017. In spite of encouraging growth in income, this business recorded a loss of HK$0.1 million as the result of the erosion by rising cost in the reporting year.

(3) Property Investment

The Group operated its property investment business in Hangzhou, the PRC, Hong Kong and London, the UK, in order to seize the market development opportunities 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 revenue generated from property investment for the year ended 31 December 2018 decreased 27% to HK$95 million, as compared to HK$130 million of last year. Such decrease was mainly attributable to the decrease in property rental income as a result of the disposal of an investment property in United Kingdom ("**UK**") in September 2017. Furthermore, a loss of HK$125 million arising from changed in the fair value for the Group's investment properties in UK was recognised based on the valuation reports of investment properties for the year ended 31 December 2018.

During the reporting year, the Group proceeded two major transactions, which are the disposal of property holding companies with the principal assets of properties in Hong Kong and Hangzhou, the PRC. Details of these disposals are set out in the paragraph headed "Material disposals".

(4) Mining and Exploitation of Natural Resources

Currently, the Group holds four mining right licences (the "**Mining Rights**") of three tungsten projects (the "**Tungsten Projects**") in Mongolia.

In 2018, the Company has engaged an independent consultant to prepare an updated technical report, among other things, which including mineral resource estimation data of the Tungsten Projects. Such report would assist the Group to obtain additional information to support future mine planning and development.

For the year ended 31 December 2018, the Group has accessed all available information up to the date and concluded that an impairment loss of HK$110 million was recognised in relation to Mining Rights.

Material Disposals

Disposal of 100% equity interest in Best Future

On 17 January 2018, the Company entered into agreements with two independent purchasers respectively, pursuant to which, the Company had conditionally agreed to sell each of the 33.5% equity interest in Best Future to the two independent purchasers at a cash consideration of approximately HK$52.5 million respectively. Upon their completions on 18 January 2018, the results of the BF Disposal Group (as defined below) was accounted for as an associated company, and its financial statements were not consolidated into the consolidated financial statements of the Company.

As at the date of the agreements, Best Future and its wholly-owned subsidiaries (the "**BF Disposal Group**") were principally engaged in (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"); and (ii) money lending business. The Company subsequently disposed of the remaining 33% equity interest in Best Future on 1 June 2018 to another independent third party and did not hold any equity interest in the BF Disposal Group as at 31 December 2018.

Disposal of Excel Fine Holdings Limited ("Excel Fine")

On 21 September 2017, Tai Infinite Holdings Group Limited (a wholly-owned subsidiary of the Company, "**Tai Infinite Holdings**"), as the vendor, and the Company (as the vendor's guarantor) entered into a provisional sale and purchase agreement (the "**Provisional SPA**") with Profit Gate International Limited ("**Profit Gate**"), pursuant to which Tai Infinite Holdings has conditionally agreed to sell, and Profit Gate has conditionally agreed to acquire, (i) the sale shares, representing the entire issued share capital of Excel Fine, and (ii) the sale debts, representing the entire shareholder's loan owed by Excel Fine to Tai Infinite Holdings as at completion date i.e. 28 March 2018, at an aggregate cash consideration of HK$738 million. The respective formal sale and purchase agreement ("**Excel Fine FA**") was signed on 23

October 2017. Excel Fine is a property holding company and its principal asset is the Property in Hong Kong, i.e. the entire 79th floor of The Center, a high rise office tower in Central, Hong Kong. All the conditions precedents as set out in the Provisional SPA and Excel Fine FA have been fulfilled and the disposal of Excel Fine was completed on 28 March 2018 (the "**Excel Fine Completion**").

Upon the Excel Fine Completion, Excel Fine ceased to be an indirect wholly owned subsidiary of the Company and the Company ceased to have any interest in Excel Fine. The financial results of Excel Fine were not consolidated into the consolidated financial statements of the Company. Details of which were set out in the Company's announcements dated 21 September 2017 and 28 March 2018.

Disposal of shares in HSH

On 26 June 2018, the Company and Solis Capital entered into a sale and purchase agreement (the "**HSH SPA**") in relation to the proposed disposal (the "**HSH Disposal**") by the Company to Solis Capital of 184,360,714 shares (the "**HSH Sale Shares**") of HSH (a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 45)) at the consideration of HK$12.80 per share or HK$2,359,817,139.20 in aggregate. The HSH Sale Shares represented approximately 11.47% of the issued share capital of HSH as at the date of the HSH SPA. Given that Solis Capital is an associate of the Company, the HSH Disposal constituted a major transaction and a connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules, it was subject to the approval of the independent Shareholders. On 21 August 2018, a special general meeting (the "**SGM**") was held and a resolution to approve the Disposal was passed. After the completion of the HSH Disposal which took place on 22 August 2018, the Group has not held any HSH shares.

At the same SGM, the independent Shareholders had approved the recommendation of special dividend of 28.58 HK cents per share of the Company (the "**Special Dividend**") in the aggregate amount of approximately HK$1,500,456,000 to be paid in cash out of the net proceeds from the HSH Disposal.

After the repayment of the margin financing facilities relating to the HSH Sales Shares of approximately HK$586 million and the payment of Special Dividend of approximately HK$1,500 million, the remaining net proceeds from the HSH Disposal of approximately HK$274 million was used as intended.

Details of the HSH Disposal were set out in the Company's announcements dated 26 June 2018, 18 July 2018, 30 July 2018 and 21 August 2018 and the Company's circular dated 31 July 2018.

Disposal of Hangzhou Tai Rong Asset Management Co., Ltd.* ("Hangzhou Tai Rong")

On 15 June 2018, the Company entered into a memorandum of understanding (the "**MOU**") with an independent third party (the "**Proposed Purchaser**"), pursuant to which, it was proposed that the Company would sell its all indirect interest in the issued shares of Hangzhou Tai Rong and the entire shareholder's loan owing by Hangzhou Tai Rong to its owner and also an indirect wholly owned subsidiary of the Company, Xizang Hongrong Asset Management Co., Ltd.* ("**Xizang Hongrong**"), to the Proposed Purchaser. Hangzhou Tai Rong is a property holding company and holding a property located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC under the MOU. The formal agreement in respect of the disposal ("**Tai Rong FA**") was signed between Xizang Hongrong, Hongrong Investment Holdings (Shenzhen) Co., Ltd.*, Hangzhou Tai Rong and another third party purchaser, which is a nominee of the Purposed Purchaser on 31 August 2018 at the consideration of RMB1,550 million (the "**Tai Rong Disposal**"). Given that the Tai Rong Disposal constituted a major transaction under Chapter 14 of the Listing Rules, it would be subjected to the reporting, announcement and shareholders' approval requirements. On the same date of signing Tai Rong FA, the Company's substantial shareholders had given their written consents on approving the Tai Rong Disposal, no special general meeting of the Company was convened. As at the date of this results announcement, the completion of the Tai Rong Disposal has not yet taken place.

Details of the Tai Rong Disposal were set out in the Company's announcements dated 15 June 2018, 28 August 2018 and 31 August 2018, and the Company's circular dated 26 October 2018.

Disposal of Distressed Assets

On 27 September 2018, three indirect wholly-owned subsidiaries of the Company, namely Xizang Hongrong, Zhejiang Tai Rong Asset Management Co., Ltd.* and Hangzhou Hong Nong Investment Management Limited Partnership*, collectively as the Distressed Assets Vendors, and Hangzhou Fu Te Asset Management Limited*, as the Distressed Assets Purchaser, entered into the disposal agreement, pursuant to which, the Distressed Assets Vendors have conditionally agreed to sell, and the Distressed Assets Purchaser has conditionally agreed to purchase, the distressed assets being all rights in respect of 31 non-performing debts and the rights to enforce the collaterals in connection with certain non-performing debts due from the companies located mainly in Cixi, Ningbo and Shaoxing, Zhejiang Province, the PRC (the "**Distressed Assets**"), for the consideration of RMB266,450,000. The disposal of the Distressed Assets was completed in December 2018.

Details of which were set out in the Company's announcement dated 27 September 2018.

* The English translation of the Chinese names denoted in this section is for illustration purpose only.

FINANCIAL REVIEW

Capital structure

As at 31 December 2018, the Group's consolidated net asset was HK$3,373 million, representing a decrease of HK$1,810 million as compared to that of HK$5,183 million as at 31 December 2017.

As at 31 December 2018, the Company has 5,250,019,852 shares of HK$0.05 each in issue and total equity attributable to the owners of the Company was approximately HK$3,370 million (31 December 2017: HK$5,180 million).

There was no movement on the share capital of the Company during the year ended 31 December 2018.

Liquidity and financial resources

As at 31 December 2018, the Group's bank balances and cash was HK$1,168 million (31 December 2017: HK$1,381 million), current assets of HK$3,140 million (31 December 2017: HK$7,827 million), current liabilities of HK$934 million (31 December 2017: HK$5,141 million). The current ratio was 3.36 times*(Note 1)* (31 December 2017: 1.52 times). As at the end of this year, the net current assets of the Group were HK$2,206 million (31 December 2017: HK$2,686 million).

As at 31 December 2018, the total debt financing of the Group was approximately HK$427 million (31 December 2017: HK$2,825 million), which all was the current debt financing (31 December 2017: HK$2,204 million), and no non-current debt financing for the reporting year (31 December 2017: HK$621 million).

As at 31 December 2018, the Group recorded a negative net debt*(Note 2)* of HK$618 million (31 December 2017: net debt of HK$1,566 million) and the total equity was HK$3,373 million (31 December 2017: HK$5,183 million). The gearing ratio *(Note 3)* as at the end of the year was 0.13 (31 December 2017: 0.57).

Note 1: Current ratio = Current assets/Current liabilities

Note 2: Net debt = Borrowings + Loan from Tai An Capital - Bank balances and cash

Note 3: Gearing ratio = Total interest-bearing borrowing/Total equity

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.

Capital commitments

As at 31 December 2018, the Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (31 December 2017: nil).

Charges on group assets

Details were set out in note 22 to the Consolidated Financial Statements of this results announcement.

Contingent liabilities

As at 31 December 2018, the Group had no material contingent liabilities (31 December 2017: nil).

Foreign exchange 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**"), Great British Pound ("**GBP**") and Renminbi ("**RMB**"). Since exchange rates of HKD is pegged to USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the UK and the Mainland China 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 UK 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group had 69 (31 December 2017: 145) employees, of whom approximately 44.9% (31 December 2017: 53.8%) 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.

DIVIDENDS

On 9 July 2018, the Board had recommended a special dividend of 28.58 HK cents per share for the year ended 31 December 2018 (2017: nil), amounting to approximately HK$1,500,456,000 in aggregate. The Special Dividend was conditional upon (i) completion of the HSH Disposal and receipt of the consideration of the HSH Sale Shares; and (ii) the approval of the Shareholders at the SGM. On 21 August 2018, the resolution of declaration of the Special Dividend was approved at the SGM. The Special Dividend was payable on 18 September 2018 to the Shareholders whose names appear on the registers of members of the Company on 28 August 2018.

Details of the Special Dividend were set out in the Company's announcements dated 26 June 2018, 9 July 2018, 30 July 2018 and 21 August 2018 and the Company's circular dated 31 July 2018.

Given that the Group's operating cash flow remains strong, the Board considers to generate Shareholder returns by way of distribution of a portion of the Company's contributable reserves in form of cash as dividends in accordance with the dividend policy of the Company adopted on 31 December 2018.

The Board has recommended the declaration of second special dividend in lieu of the final dividend of 20 HK cents per share of the Company ("**Share**") (the "**Second Special Dividend**") for the year 31 December 2018, subject to the approval of the Shareholders at a special general meeting ("**2019 SGM**"), in an aggregate amount of payment of approximately HK$1,050 million (2017 interim dividend: 1.81 HK cents per Share and 2017 final dividend: nil). The payment of Second Special Dividend will be paid to the Shareholders whose names appear on the register of members of the Company on a record date which will be announced by the Company in due course. Together with the distribution of the Special Dividend on 19 September 2018, the total dividend for the year ended 31 December 2018 will be 48.58 HK cents (2017: 1.81 HK cents).

PROSPECTS

The outlook for businesses in 2019 is markedly more reserved as trade dispute between United States and its major trading partners show no signs of cooling and new conflicts in the Middle East represent heightened risks to the global economy. The global economic growth forecasts have been revised downward, by International Monetary Fund in the World Economic Outlook Update of January 2019, to grow at 3.5 percent in 2019 and 3.6 percent in 2020, 0.2 and 0.1 percentage point below last October's projections. As higher uncertainties and greater volatility in all investment markets become new normal, the Company will continue to adopt a prudent approach in establishing our business strategy and investments portfolio to enhance corporate resilience against possible negative impacts.

Although faced with these economic headwinds, the industry environment where the Group operates is still faced with both challenges and opportunities. The Group will seize market opportunities brought by national policies, continue to consolidate the development results of each business segment, optimise assets allocation, reinforce internal control management and build its core competitiveness, aiming to achieve sustainable business development and bring continuous valuable returns to the Shareholders.

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

During the year ended 31 December 2018, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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 year ended 31 December 2018, the Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules, except for certain deviations disclosed herein.

During the reporting year, Mr. Chen Weisong was the chief executive officer and the chairman of the Company ("**Chairman**") remained vacant. The Company deviated from code provisions A.2.1 and A.2.7 of the CG Code from 1 January 2018 to 31 December 2018. The Company is in the process of identifying a suitable candidate to be appointed as the new Chairman and will keep the Shareholders informed of such appointment by announcement in due course.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 December 2018, 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, such Board meetings were 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.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 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. Dr. Gao Bin and Ms. Liu Yan, the independent non-executive Directors, were unable to attend the 2018 annual general meeting and special general meeting held on 8 June 2018 and 21 August 2018 due to their other business engagements.

Further details of the Company's corporate governance practices shall be set out in the corporate governance report to be contained in the Company's annual report for the year ended 31 December 2018.

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 securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2018.

AUDIT COMMITTEE AND REVIEW ON THE ANNUAL RESULTS

The Company has established the Audit Committee with a specific written terms of reference in accordance with the requirements under Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee is responsible, among other, reviewing and supervising the Group's financial reporting process, assisting the Board to ensure effective risk management and internal control systems of the Group and providing advice and comments to the Board.

As at 31 December 2018 and up to the date of this results announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing. Ms. Liu Yan is elected as the chairman of the Audit Committee.

The audited consolidated financial statements of the Group for the year ended 31 December 2018 have been reviewed by the Audit Committee together with the management and the external auditors of the Company. The Audit Committee is satisfied that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary results announcement.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL 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 annual report of the Company for the year ended 31 December 2018 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

SPECIAL GENERAL MEETING AND CLOSURES OF REGISTER OF MEMBERS

The date and notice of 2019 SGM, the book close date for eligibility to attend and vote at the 2019 SGM, and the book close date for eligibility to entitle the Second Special Dividend will be published and issued to the Shareholders in due course.

By Order of the Board
Tai United Holdings Limited
Chen Weisong
Chief Executive Officer

Hong Kong, 26 March 2019

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

Executive Directors:	*Independent non-executive Directors:*
Mr. Chen Weisong *(Chief Executive Officer)*	Dr. Gao Bin
Mr. Xu Ke	Ms. Liu Yan
Dr. Kwong Kai Sing Benny	Mr. Tang King Shing