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 2019

The board of directors ("**Board**" or "**Directors**") of Tai United Holdings Limited ("**Company**") announces the audited consolidated final results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 together with the comparative figures of the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** HK$'000	2018 HK$'000
Revenue			
Contracts with customers	3	**19,955**	4,088,275
Leases		**6,588**	95,366
Interest under effective interest method		**–**	130,579
Net investment losses	5	**(616)**	(186,343)
Total		**25,927**	4,127,877

	Notes	2019 HK$'000	2018 HK$'000
Other income	6	**51,353**	9,026
Impairment losses under expected credit loss model, net of reversal		**(39,641)**	(2,886)
Other gains and losses	7	**150,973**	(124,253)
Purchases and changes in inventories		**(12,473)**	(4,077,048)
Employee benefits expenses		**(43,855)**	(68,514)
Other operating expenses		**(55,494)**	(209,456)
Changes in fair value of investment properties	13	**(72,505)**	(124,942)
Changes in fair value of assets classified as held-for-sale	16	**(17,412)**	58,000
Impairment losses on mining rights	14	**(170,821)**	(109,704)
Share of results of an associate		**–**	(394)
Finance costs	8	**(15,291)**	(71,695)
Loss before tax		**(199,239)**	(593,989)
Income tax (expense) credit	9	**(47,531)**	40,596
Loss for the year	10	**(246,770)**	(553,393)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(17,264)**	(76,802)
Reclassification of cumulative exchange differences to profit or loss upon disposal and deregistration of subsidiaries		**9,965**	–
Other comprehensive expense for the year		**(7,299)**	(76,802)
Total comprehensive expense for the year		**(254,069)**	(630,195)

	Notes	2019 HK$'000	2018 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(246,440)**	(553,243)
Non-controlling interests		**(330)**	(150)
		(246,770)	(553,393)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(253,751)**	(630,045)
Non-controlling interests		**(318)**	(150)
		(254,069)	(630,195)
Loss per share	12		
– Basic (HK cents)		**(4.69)**	(10.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**9,483**	19,833
Investment properties	13	**806,985**	856,463
Intangible assets		**4,155**	4,155
Mining rights	14	**174,016**	344,837
Financial assets at fair value through profit or loss		**571**	584
Right-of-use assets		**3,005**	–
Deferred tax assets		**39**	615
Other non-current assets		**6,000**	6,000
		1,004,254	1,232,487
Current assets			
Inventories		**1,700**	1,333
Financial assets at fair value through profit or loss		**10,112**	10,247
Accounts receivable	15	**4,244**	6,964
Other receivables, deposits and prepayments		**1,061,759**	13,158
Structured deposits		**–**	200,143
Bank balances and cash		**560,240**	1,167,972
		1,638,055	1,399,817
Assets classified as held-for-sale	16	**–**	1,740,466
		1,638,055	3,140,283
Current liabilities			
Accounts payables	17	**–**	737
Accrued liabilities and other payables		**6,440**	227,760
Borrowings	18	**281,471**	426,626
Other loan		**120,958**	123,585
Lease liabilities		**1,853**	–
Tax payables		**138,383**	49,714
		549,105	828,422
Liabilities associated with assets classified as held-for-sale	16	**–**	105,593
		549,105	934,015
Net current assets		**1,088,950**	2,206,268
Total assets less current liabilities		**2,093,204**	3,438,755

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current liabilities			
Deferred tax liabilities		**23,027**	65,733
Lease liabilities		**1,228**	–
		24,255	65,733
Net assets		**2,068,949**	3,373,022
Capital and reserves			
Share capital	19	**262,501**	262,501
Reserves		**1,803,694**	3,107,449
Equity attributable to owners of the Company		**2,066,195**	3,369,950
Non-controlling interests		**2,754**	3,072
Total equity		**2,068,949**	3,373,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 ("**BVI**") 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 is Room 2902, 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively, 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 16	Leases
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendements to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendements to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendements to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as opening leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 6.18%.

	At 1 January 2019 *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	21,708
Lease liabilities discounted at relevant incremental borrowing rates	21,066
Less: Recognition exemption – short-term leases	(2,052)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	19,014
Analysed as:	
Current	13,972
Non-current	5,042
	19,014

The carrying amount of right-of-use assets for own use as at 1 January 2019 is equal to the lease liabilities relating to operating leases recognised amounting to HK$19,014,000 upon application of HKFRS 16.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Right-of-use assets	–	19,014	19,014
Current liabilities			
Lease liabilities	–	13,972	13,972
Non-current liabilities			
Lease liabilities	–	5,042	5,042

Note: For the purpose of reporting cash flows from operating activities and financing activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. The application of HKFRS 16 as a lessor has no material impact on the consolidated statement of the Group as at 1 January 2019 as the amount involved are not material.

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 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 *Definition of a Business*

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and

- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. REVENUE

Disaggregation of revenue for contracts with customers:

Segments	Year ended 31 December 2019 Commodity and medical equipment trading	Year ended 31 December 2018 Financial services and asset management	Commodity and medical equipment trading	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	**19,955**	–	39,836	39,836
Service fees, commission and brokerage income	–	2,988	–	2,988
Total	**19,955**	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**")	**19,955**	–	1,422,810	1,422,810
Hong Kong	–	2,988	–	2,988
Total	**19,955**	2,988	4,085,287	4,088,275
Timing of revenue recognition				
At a point in time	**19,955**	–	4,085,287	4,085,287
Over time	–	2,988	–	2,988
Total	**19,955**	2,988	4,085,287	4,088,275

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.

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 (the "**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:

For the year ended 31 December 2019

	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	**–**	**19,955**	**6,588**	**–**	**26,543**
Segment net investment losses	**(616)**	**–**	**–**	**–**	**(616)**
Total	**(616)**	**19,955**	**6,588**	**–**	**25,927**
Segment results	**9,371**	**(8,712)**	**(107,105)**	**(173,748)**	**(280,194)**
Net gains on disposal and deregistration of subsidiaries					**172,504**
Net foreign exchange losses					**(22,229)**
Changes in fair value of structured deposits					**1,594**
Impairment losses recognised on other receivables					**(50,918)**
Interest income from disposal receivable of a subsidiary					**12,117**
Unallocated interest income					**12,276**
Unallocated finance costs					**(150)**
Central administration costs					**(44,239)**
Loss before tax					**(199,239)**

For the 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	(183,857)	(11,299)	(112,707)	(113,369)	(421,232)
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 fair value through profit or loss ("**FVTPL**")					29
Changes in fair value of structured deposits					3,519
Unallocated interest income					3,490
Unallocated finance costs					(34,855)
Central administration costs					(71,552)
Loss before tax					(593,989)

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, changes in fair value of structured deposits, unallocated interest income and finance costs, net gains on disposal and deregistration of 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:

	2019	2018
	HK$'000	*HK$'000*
Segment assets		
Financial services and asset management	**550,151**	1,149,694
Commodity and medical equipment trading	**11,666**	25,672
Property investment	**826,478**	2,618,734
Mining and exploitation of natural resources	**175,285**	346,718
Total segment assets	**1,563,580**	4,140,818
Disposal receivable of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co. Ltd.* ("**Hangzhou Tai Rong**")	**1,057,910**	–
Structured deposits	**–**	200,143
Unallocated right-of-use assets	**1,545**	–
Unallocated financial assets at FVTPL	**571**	584
Unallocated property, plant and equipment	**7,739**	15,610
Unallocated intangible assets	**4,155**	4,155
Other unallocated corporate assets	**6,809**	11,460
Consolidated assets	**2,642,309**	4,372,770
Segment liabilities		
Financial services and asset management	**1,557**	46,235
Commodity and medical equipment trading	**2,128**	5,364
Property investment	**322,913**	751,927
Mining and exploitation of natural resources	**23,583**	66,255
Total segment liabilities	**350,181**	869,781
Other loan	**120,958**	123,585
Unallocated lease liabilities	**1,583**	–
Unallocated tax liabilities	**97,510**	–
Other unallocated corporate liabilities	**3,128**	6,382
Consolidated liabilities	**573,360**	999,748

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

- all assets are allocated to operating and reportable segments other than disposal receivable of Hangzhou Tai Rong, structured deposits, unallocated right-of-use assets, unallocated financial assets at FVTPL, 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 other loan, unallocated lease liabilities, unallocated tax liabilities and other unallocated corporate liabilities.

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

5. NET INVESTMENT LOSSES

	2019	2018
	HK$'000	*HK$'000*
Changes in fair value of financial assets at FVTPL	**(616)**	(186,343)

6. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income from:		
– bank and other deposits	**14,419**	4,353
– disposal receivable of Hangzhou Tai Rong	**12,117**	–
– restricted bank deposits	**–**	4,036
Reparation interest income from previously redeemed loan note receivable	**23,551**	–
Sundry income	**1,266**	637
	51,353	9,026

7. OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
Net gains (losses) on disposal and deregistration of subsidiaries	**172,504**	(7,016)
Changes in fair value of structured deposits	**1,594**	3,519
Net foreign exchange losses	**(22,229)**	(73,388)
Loss on disposal of property, plant and equipment	**(896)**	(2,541)
Profits attributable to the third parties' interest in consolidated structured entities	**–**	(45,416)
Gain on disposal of an associate	**–**	394
Changes in fair value of financial derivative contracts	**–**	166
Changes in fair value of financial assets at FVTPL	**–**	29
	150,973	(124,253)

8. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on		
– secured bank borrowings	**14,523**	22,623
– lease liabilities	**451**	–
– other borrowings and loan instrument	**317**	19,618
– other loan	**–**	9,014
– margin financing	**–**	20,440
	15,291	71,695

9. INCOME TAX EXPENSE (CREDIT)

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
The PRC Enterprise Income Tax ("**EIT**")	**99,270**	3,655
Hong Kong Profits Tax	**–**	9,635
	99,270	13,290
(Over) under-provision in prior years:		
The PRC EIT	**(8,319)**	188
Hong Kong Profits Tax	**(1,077)**	–
Singapore Corporate Tax ("**CIT**")	**–**	206
	(9,396)	394
Deferred tax	**(42,343)**	(54,280)
	47,531	(40,596)

No provision for Singapore CIT and Hong Kong Profits Tax has been made in the consolidated financial statements as there are no assessable profits for current year. Singapore CIT is calculated at 17.0% on the estimated assessable profit for prior year.

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, the Hong Kong Profits Tax of the qualifying group entity 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 for prior year.

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 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.

10. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	**10,106**	22,402
Other staff costs:		
– Salaries, allowances and benefits in kind	**31,971**	42,281
– Retirement benefit scheme contributions	**1,778**	3,831
Total staff costs	**43,855**	68,514
Auditor's remuneration	**2,010**	2,905
Cost of inventories recognised as an expense	**12,473**	4,077,048
Depreciation of property, plant and equipment	**7,541**	10,565
Depreciation of right-of-use assets	**6,418**	–
Operating lease rental in respect of office premises	**–**	26,302
Gross rental income from investment properties	**(6,588)**	(95,366)
Less: direct operating expenses arising from investment properties that generated rental income	**768**	12,198
	(5,820)	(83,168)

11. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2018 second special dividend – HK20 cents (2018: 2018 special dividend – HK28.58 cents) per share	**1,050,004**	1,500,456

No dividend was proposed for ordinary shareholders of the Company since the end of the reporting period.

12. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(246,440)**	(553,243)

	2019	2018
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of calculation of basic loss per share	**5,250,020**	5,250,020

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

13. INVESTMENT PROPERTIES

During the years ended 31 December 2019 and 2018, the Group leases out residential property units and hotel facility under operating leases with rentals payable weekly/monthly. The leases typically run for an initial period of 2 weeks to 10 years and no unilateral rights to extend the lease beyond initial period held by the Group and lessees.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

For the year ended 31 December 2019, the total cash inflow for leases is HK$6,588,000.

	HK$'000
FAIR VALUE	
At 1 January 2018	2,761,828
Changes in fair value recognised in profit or loss	(124,942)
Reclassified as held-for-sale *(Note 16)*	(1,660,976)
Disposals	(44,199)
Exchange realignment	(75,248)
At 31 December 2018	856,463
Changes in fair value recognised in profit or loss	(72,505)
Exchange realignment	23,027
At 31 December 2019	806,985

14. MINING RIGHTS

	HK$'000
COST	
At 1 January 2018, 31 December 2018 and 31 December 2019	1,003,034
IMPAIRMENT	
At 1 January 2018	548,493
Impairment losses recognised	109,704
At 31 December 2018	658,197
Impairment losses recognised	170,821
At 31 December 2019	829,018
CARRYING VALUES	
At 31 December 2019	174,016
At 31 December 2018	344,837

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 12 to 16 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Khovd Gol has a remaining legal life of 17 years, expiring in July 2036.

The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia (the "**Mongolia Mineral Authority**") 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 2019.

During the year ended 31 December 2018, the Group received several notices from the Mongolia Mineral Authority and requested the Group to prepare updated resource estimation technical reports and feasibility study reports on the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol. The Group commenced the discussion with the Mongolia Mineral Authority regarding the feasibility of conducting mining activities on these mining rights. The Group consulted with legal adviser on the legal implications of notices and with reference to the legal advice, the mining licenses of these mining rights owned by the Group are still in effect as at 31 December 2019 and 2018. Started from 2018, the Group is in the progress of preparing an updated resource estimation technical reports and feasibility study reports on these mining rights in different phases in accordance with the Mongolia Code for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves in order to fulfil the requests from Mongolia Mineral Authority.

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

No active mining operation of the Group has taken place during the year ended 31 December 2019 and the Directors conducted an impairment assessment of 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 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. For the purpose of impairment testing, the VIU calculations used cash flow projection based on financial budgets approved by the management of the Group covering a period of four to nineteen years (2018: four to nineteen years). The post-tax discount rates used for the VIU calculations is 20.64% (2018: 22.01%). Other key assumptions in estimating the discounted future pre-tax cash flows are included tungsten metal estimated selling price with 0.30% (2018: 0.63%) growth rate, estimated future costs of production, estimated future operating costs, recoverable reserves, resources and exploration potential, discount rates and exchange rates.

In November 2018 and August 2019, the Group engaged an independent qualified mineral technical advisers to prepare an updated resource estimation technical report ("**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 and second phase of exploitation work regarding the recoverable reserves, resources and exploration potential for the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol during the year ended 31 December 2019 and 2018.

Based on the Updated Resource Estimation Technical Report issued by the qualified mineral technical adviser with reference to their first and second 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 resource estimation technical report prepared in 2008 ("**Previous Resource Estimation Technical Report**") while the volume of the exploration potential of the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol is higher than the volume indicated in the Previous Resource Estimation Technical Report. Considering the increment in the estimated volume of recoverable reserves, resources and 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 (2018: 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 2019 and 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 announcement date, the Directors were in the view that impairment losses of the mining rights amounting to approximately HK$170,821,000 (2018: HK$109,704,000) for the year ended 31 December 2019 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 (2018: lower than) its carrying amount.

15. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable arising from the sales of medical equipment	**4,401**	7,147
Less: Allowance for credit losses	**(157)**	(183)
Total	**4,244**	6,964

As at 1 January 2018, accounts receivables from contracts with customers amounted to HK$133,730,000. The Group allows a credit period of 30 to 120 days (2018: 30 to 120 days) to its customers depending on the type of products sold.

The following is an aged analysis of accounts receivable, net of allowance for credit losses, presented based on the invoice dates which approximated to the respective revenue recognition dates:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**1,168**	2,407
31 – 90 days	**–**	1,497
91 – 120 days	**102**	34
Over 120 days	**2,974**	3,026
	4,244	6,964

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

On 31 August 2018, the Group had entered into a sale and purchase agreement with an independent third party (the "**Purchaser**") to dispose of its entire equity interest of Hangzhou Tai Rong at a cash consideration of RMB1,550,000,000 and the principal asset of Hangzhou Tai Rong is the hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC. Accordingly, the below 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.

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

	HK$'000
Investment properties *(Note)*	1,594,040
Accounts receivable arising from property rental income, net of allowance for credit losses	68,558
Other receivables, deposits and prepayments	58,006
Structured deposits	19,812
Bank balances and cash	50
Total assets classified as held-for-sale	1,740,466
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

On 25 August 2019, the Group, the Purchaser and Hangzhou Tai Rong entered into the supplemental agreement, pursuant to which the parties have mutually agreed on the amendments. The principal terms of the amendments are as follows i) the consideration settlement arrangements for the first payment, second payment, remaining consideration and interest on the remaining consideration ("**New Settlement Arrangements**"); ii) complete the procedures in relation to the registration of the transfer of Hangzhou Tai Rong with the local administration for industry and commerce bureau; iii) enter into a share pledge agreement pursuant to which the sale shares shall be pledged by the Purchaser to the Group to secure the payment of the remaining consideration; and iv) Hangzhou Tai Rong not to distribute or otherwise dispose of the rental receivable of the hotel facility for the period since 1 January 2019. The Group transferred all of its equity interests in Hangzhou Tai Rong to the Purchaser on 31 October 2019.

Note:

Investment properties classified as held-for-sale

	HK$'000
FAIR VALUE	
At 1 January 2018	680,000
Disposals	(738,000)
Changes in fair value recognised in profit or loss	58,000
Reclassified from investment properties as held-for-sale *(Note 13)*	1,660,976
Exchange realignment	(66,936)
At 31 December 2018	1,594,040
Additions	17,412
Disposals *(Note 20)*	(1,560,160)
Changes in fair value recognised in profit or loss	(17,412)
Exchange realignment	(33,880)
At 31 December 2019	–

17. ACCOUNTS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Accounts payable arising from the purchase of medical equipment	**–**	737

The average credit period on purchases of medical equipment is 30 days (2018: 30 days). The following is an aged analysis of accounts payable presented based on the invoices at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**–**	640
31 – 90 days	**–**	97
	–	737

18. BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Secured variable-rate bank borrowings	**281,471**	426,626

As at 31 December 2019, the secured variable-rate bank borrowings of approximately HK$281,471,000 (2018: HK$426,626,000) carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.75% (2018: 2.75%) per annum, which the effective interest rate is 3.56% (2018: 3.52%) per annum.

The secured borrowings contains a repayment on demand clause (shown under current liabilities) but contractually repayable within one year based on scheduled repayment dates set out in the loan agreement.

19. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2018, 31 December 2018 and 31 December 2019	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2018, 31 December 2018 and 31 December 2019	5,250,019,852	262,501

20. DISPOSAL OF SUBSIDIARIES

Disposal of Hangzhou Tai Rong

The Group had entered into a sale and purchase agreement and supplemental agreement on 18 September 2018 and 25 August 2019, respectively, with the Purchaser to dispose of its entire equity interest of Hangzhou Tai Rong, which engaged in property investment activities, at a cash consideration of RMB1,550,000,000 and part of consideration were paid for settlement of shareholder loans amounting to HK$869,232,000. The Group transferred all of its equity interests in Hangzhou Tai Rong to the Purchaser on 31 October 2019 and the net assets of Hangzhou Tai Rong at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Investment properties	1,560,160
Loan receivables	61,077
Other receivables, deposits and prepayments	47,536
Bank balances and cash	74
Accrued liabilities and other payables	(8,354)
Deferred tax liabilities	(92,557)
Shareholder loans	(869,232)
Net assets disposed of	698,704
Consideration paid for settlement of shareholder loans	869,232
	1,567,936

	HK$'000
Gain on disposal of Hangzhou Tai Rong:	
Consideration received	1,727,320
Net assets disposed of	(1,567,936)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss	8,740
Gain on disposal included in other gains and losses	168,124

	HK$'000
Net cash inflow arising on disposal of Hangzhou Tai Rong:	
Cash consideration	1,727,320
Deposits received from disposal of Hangzhou Tai Rong	(172,732)
Less: disposal receivable	(1,108,828)
Less: bank balances and cash disposed of	(74)
Net cash inflow	445,686

Details of the above disposal were set out in the Company's announcement dated 15 June 2018, 28 August 2018 and 25 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the year ended 31 December 2019, the revenue and the net investment losses of the Group were approximately HK$26.5 million and HK$0.6 million, down by 99.4% and 99.7% when compared to approximately HK$4,314.2 million and approximately HK$186.3 million for the last year respectively, as the management has adopted a more prudent approach in identifying investment opportunities in light of the prevailing global economic instability affected by numerous factors including international trade disputes and geopolitical tensions.

Thanks to the adoption of defensive stance in our assets portfolio positioning under trade friction and successful implementation of cost reduction program which significantly reducing various costs including employee benefits expenses, other operating expenses and finance costs, the Group has recorded a substantial decrease in loss attributable to owners of the Company from approximately HK$553.2 million for the last year to approximately HK$246.4 million for the year under review. The Group's basic loss per share for the year ended 31 December 2019 was narrowed to 4.69 HK cents (2018: loss per share of 10.54 HK cents).

BUSINESS REVIEW

The business segments of the Group are comprised of (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

In late 2016, a subsidiary of the Company had invested in a segregated portfolio of a fund portfolio company ("**Fund**"). The major revenue contribution in financial services business was the effective interest income from a loan note investment by the Fund, which, for accounting purpose, had been consolidated into the Group's financial statements over the last two years. Details of which were set out in the Company's announcement dated 15 December 2016 and the Company's annual reports for the year ended 31 December 2017 and 2018.

Since such loan note receivable was fully redeemed in 2018, no effective interest income was recorded as revenue during the year ended 31 December 2019. The respective income for the year ended 31 December 2018 was approximately HK$130.6 million. Nevertheless, the Group recorded approximately HK$23.6 million profit in this business, which was attributed to a final redemption proceeds receiving from the Fund for the year under review whereas approximately $85.7 million profit was recorded for the last year.

Distressed Debt Assets Management

The Group's 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.

In 2019, the distressed debt assets market has grown significantly as outstanding non-performing loans of China's commercial banks reached RMB2.41 trillion by the end of the fourth quarter of 2019, according to the China Banking and Insurance Regulatory Commission. Besides the big four asset management companies established in the 1990s to participate in this growing market, considerable number of provincial level licensed distressed asset management companies were established in the last 3 years. Rapid growth in the number of local asset management companies has brought keen competition into this market, and thus lower the profit margin. At the same time, the risk in the distressed debt assets market has gradually increased as China's economy grew by 6.1 per cent in 2019, the lowest annual growth rate for 29 years, according to the National Bureau of Statistics. Under the impacts of decreasing margin and increasing investment risk, potential distressed assets projects sourcing by our professional team may not be considered commercially viable.

Beginning in 2018, the Group has been reshuffling the investment portfolios of and realised certain capital gain from its various investments including distressed debt assets, with a view to maximizing the returns to the shareholders of the Company ("**Shareholders**") and carrying out better risk management. Since the commencement of the distressed debt assets management business in April 2016, the Group has recovered from the sale of distressed debt assets investment in the aggregate of approximately HK$1,265.9 million for the nine months ended 31 December 2016 and for the year ended 31 December 2017 and 2018 ("**Previous Three Financial Years**"). Notwithstanding that the performance of this business was satisfactory in the Previous Three Financial Years, the macro-economic environment in midst of the trade war has becoming increasingly uncertain. Accordingly, the Board considers that such disposals of the distressed debt assets offer a prime opportunity for the Group to realise the value in those assets and restore the financial position of the Group in a timely and appropriate manner.

Against the backdrop of increasing competition in the distressed debt asset management industry and uncertain market conditions as a result of the continuous trade dispute between the PRC and the US, the Group has disposed of all of its distressed debt assets held as at 31 December 2018 in the year of 2019 and held no distressed debt assets measured at fair value as at 31 December 2019, as compared to approximately HK$10.2 million at the end of last year. It was the result of the continuous execution of the investment strategy adopted in last year amid trade dispute between US and the PRC, with an aim to maximising the returns to the Shareholders and carrying out better risk management, by reshuffling the investment portfolios of and realised capital gain from its various investments or mitigating risks attached to certain specific type of asset.

For the year ended 31 December 2019, the Group recorded no net investment gain or loss in this business, comparing to net investment loss of approximately HK$13.3 million for the last year ended, which was attributed to the distressed debt assets were disposed of at their respective carrying values. As a result, the business incurred a loss of approximately HK$5.3 million for this year, mainly representing the overhead costs of the business operation, whereas the loss of approximately HK$31.2 million for the last year.

Securities Investment

Leveraging on the strategic geographical location of Hong Kong and the development of the PRC investment market, the Group carried out securities investment business in secondary market with its internal funds. With listed shares of large-scale and quality companies as primary investment targets, the Group aims to pursue capital appreciation and stable dividend income.

During 2019, the Group scaled down the size of the investment portfolio in this business due to the volatile financial and investment markets caused by US-China trade dispute. Also, the volatile financial and investment market has been reinforced by on-going large-scale protests in Hong Kong since the summertime. Such factors have been driven the Directors to take a defensive stance in identifying investment opportunities particularly in the Hong Kong stock market, in order to bolster corporate resilience against any possible issues and threats arising from international or region crisis. As at 31 December 2019, the carrying value of the listed securities investment was approximately HK$10.1 million, whereas no listed securities investment was held as of the year ended 31 December 2018. Such listed securities investment held by the Group was all listed equity securities in Hong Kong, which none of them was with a carrying value of 5% or more of the total assets of the Group. The Directors believe that the holding of such investments portfolio is in line with the Directors' prudent investment strategy in view of the prevailing investment environment in the region.

Benefit from the prudent investment approach, the Group recorded 99.6% decrease in the net investment loss arising from the change in fair value of securities investment of approximately HK$173.0 million for the last year to approximately HK$0.6 million for this year. As a result, this business recorded approximately HK$8.8 million loss, representing a decrease of 96.3% as compared to the loss of approximately HK$238.3 million for the last year ended.

(2) Commodity and Medical Equipment Trading

Commodity Trading

Price of crude oil and petroleum product in 2019 has been considered by industry experts as virtually impossible to confidently forecast by market participants, as it was affected by a number of risk factors in connection with international relations, geopolitical and military affairs. Oil price has soared since the start of 2019, due to various factors such as OPEC-led (Organization of the Petroleum Exporting Countries) supply cuts, US sanctions on oil exporters Iran and Venezuela and escalating fighting in Libya. On the other hand, alongside with concerns over the health of the global economy, surging US crude inventories appeared to have capped further gains. Several months later in September 2019, oil price experienced their largest single-day price increase since 2008, due to an attack on key energy installations in Saudi Arabia. Such price increase was short lived as Saudi Arabia's ability to bring production back online within weeks of the attack and global concerns about demand growth. Oil price was volatile and majority of the market participants might not be reasonably expected to predict the timing and extent of these military actions and rivalries in world politics.

In order to reduce the investing risk to which the Group was exposed, the management of the Company ("**Management**") decided not to have trading activities in the oil and other commodities market in the year 2019, until uncertain factors of instability have been moderated. As a result, the Group recorded no revenue generated from commodity trading for the year ended 31 December 2019, as compared to last year of approximately HK$4,045.5 million. The Commodity Trading business therefore recorded a loss of approximately HK$7.2 million, comparing to a loss of approximately HK$11.2 million for the last year.

Medical Equipment Trading

The Group carries out medical equipment trading business in China for which majority customers are hospitals. The revenue of the business for the year ended 31 December 2019 decreased by 49.7% to approximately HK$20.0 million, as compared to approximately HK$39.8 million of last year. Such decrease was primarily attributable to high competition in this low end market, because the selling products of the business are mostly general medical equipment and consumable goods. As a result, the loss of the business increased from approximately HK$0.1 million for the last year to approximately HK$1.6 million for the current year.

(3) Property Investment

The Group operates the property investment business in Hangzhou, the PRC and London, the United Kingdom, in order to seize the market development opportunities of real estate in major developed regions both onshore and offshore. The Group has been pursuing to maintain high quality property management services of its investment properties and will continue to enhance the quality of the property management services in order to increase rental income and saleable value of its investment properties. In addition, the Group is actively looking for property investment and development opportunities to strengthen the revenue stream of this segment.

The revenue generated from property investment for the year ended 31 December 2019 decreased 93.1% to approximately HK$6.6 million, as compared to approximately HK$95.4 million of last year. Such decrease was mainly attributable to the absence of the rental income contribution from the Hangzhou Property (as defined below) amounting to approximately HK$64.7 million since 1 January 2019, due to the disposal of a subsidiary holding the Hanzhou Property. The loss of approximately HK$72.5 million arising from the changes in fair value of investment properties recognized during the year, and led to an overall loss of the segment amounting to approximately HK$107.1 million, as compare to a loss of approximately HK$112.7 million for the last year.

On 31 August 2018, Hangzhou Tai Rong Asset Management Co., Ltd.* ("**Hangzhou Tai Rong**"), an indirect wholly owned subsidiary of the Company, which is holding an investment property located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC ("**Hangzhou Property**") entered into a sale and purchase agreement ("**SPA**") in associated with other parties. Pursuant to which, the issued shares of Hangzhou Tai Rong and the entire shareholder's loan owing by Hangzhou Tai Rong to its owner was to be disposed at the consideration of RMB1,550 million ("**Consideration**"). Since then, the Hangzhou Property was reclassified under the item of "Assets classified as held-for-sale" in the consolidated statement of financial position. On 25 August 2019, a supplemental agreement to SPA ("**Supplemental SPA**") was entered among the parties. Pursuant of which, the parties have mutually agreed to amend certain terms of the SPA. For the year ended 31 December 2019, the disposal of Hangzhou Tai Rong has generated an one-off gain on disposal before taxation of approximately HK$168.1 million.

Details of the disposal of Hangzhou Tai Rong are set out in the paragraph headed "Material Disposal" and note 20 to the consolidated financial statements in this results announcement.

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

(4) Mining and Exploitation of Natural Resources

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

The Group completed the acquisition of the Mining Rights on 31 December 2009 by way of acquiring the entire issued share capital of the ultimate holding companies of the Mining Rights, namely, Prolific Rich Limited and Grand Shining Limited at an aggregate acquisition cost of HK$940 million. The acquisition cost was satisfied by (i) cash payment of HK$102 million; (ii) the issue of the promissory notes in the principal amount of HK$23 million; and (iii) issue of the 2,716,666,666 convertible preference shares of the Company in the principal amount of HK$815 million. Details of which were set out in the Company's announcements dated 5 June 2009, 23 July 2009 and 29 September 2009 and the Company's circular dated 31 October 2009.

To assist the Company to conduct the impairment testing on the Mining Rights in 2019, the Management engaged an independent qualified mineral technical adviser, to prepare a second phase of updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**") ("**Second Phase Updated Estimation Technical Report**"), riding on the last resource estimation technical report dated in February 2019 ("**First Phase Updated Estimation Technical Report**"). The Second Phase Updated Estimation Technical Report was made available to the Management in February 2020.

Based on the findings of the Second Phase Updated Estimation Technical Report, the Group engaged a PRC professional firm to update the feasibility study report and also engaged an independent international qualified professional valuer, to perform the valuation related to the Mining Rights at 31 December 2019 based on the Second Phase Updated Estimation Technical Report and the latest feasibility study report.

The valuation of the Mining Rights for the year ended 31 December 2019 was mainly affected by the following factors: (i) the updated estimation of average grade (which was prepared in accordance with JORC Code) of the Mining Rights drops in the Second Phase Updated Estimation Technical Reports, as compared to the First Phase Updated Estimation Technical Report; and (ii) the market price of tungsten in 2019 has dropped and the valuer forecasted the future market price of tungsten will have a lower growth rates, which resulted in a lower valuation of the Mining Rights. With reference to the valuation of the Mining Rights performed by the valuer (details of which are shown below) and the information available to the Group up to the date of this results announcement, the Directors were of the view that impairment losses of the Mining Rights amounting to approximately HK$170.8 million (2018: approximately HK$109.7 million) for the year ended 31 December 2019 need to be recognised for the cash-generating unit that holds the Mining Rights ("**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 (2018: lower than) its carrying amount.

Further details of the impairment losses on the Mining CGU are set out in note 14 to the consolidated financial statements contained in this results announcement.

Details of the valuation of Mining Rights

Valuation Method

There is no change in the valuation method adopted for the valuations as at 31 December 2019 and 31 December 2018 as both were conducted by discounted cash flow method under income approach.

Key Inputs

Average grades of the Mining Rights

The following is a comparison table in respect of the average grades of the Mining Rights from the Second Phase Updated Estimation Technical Report and the First Phase Updated Estimation Technical Report:

	Average Grade	
Mining License	**As at 31 December 2019** ***(which is based on the Second Phase Updated Estimation Technical Report)***	As at 31 December 2018 *(which is based on the First Phase Updated Estimation Technical Report)*
MV–5518 & MV–11027	**1.1%**	1.1%
MV–11863	**1.6%**	7.5%
MV–3506	**0.6%**	0.6%

Other key assumptions in the valuation

The other key inputs in the valuation include commodity price, price growth and discount rate. There is no significant change in the basis of determining these inputs and the valuer merely updated these inputs based on the market changes. The following is a comparison table in respect of the aforementioned inputs applied in the valuation of the Mining Rights:

Parameter	**Input**	**Basis**	Input	Basis
	As at 31 December 2019		As at 31 December 2018	
Adopted price on 65% tungsten concentrate	**US$12,494 per ton**	**With reference to the market price in 2019**	US$14,030 per ton	With reference to the market price in 2018
Price growth (%)	**0.3%**	**Compound annual growth rate of the market price from 2007**	0.6%	Compound annual growth rate of the market price from 2006
Discount rate (%)	**20.6%**	**Based on weighted average cost of capital**	22.0%	Based on weighted average cost of capital

Given that the Tungsten Projects are still in the phase of the exploration work, the Mining Rights have not generated any revenue for the Group during the year of 2019. It is the aim of the Group that actual mining operations and productions will only be carried out until the revenue/cost margins of the projects have been proved to be robust and commercially attractive.

Meanwhile, the Group actively searches for potential investors and/or strategic mining partnerships with trustworthy explorer worldwide, in order to minimise any possible exploration risks. During the year of 2019, over fifteen corporations with mining expertise across the globe have been approached by our appointed agent for the discussion of possible exploration partnership. Short-listed potential business partners have been provided with selected data and information of the Tungsten Projects obtaining from the updated Technical Reports. Up to the date of this results announcement, no agreement of exploration partnership has been reached. The Company will keep the Shareholders and potential investors informed of any further material developments in connection with the matter by way of further announcement(s) as and when appropriate.

Material Disposals

Disposal of Hangzhou Tai Rong

On 15 June 2018, the Company entered into a memorandum of understanding ("**MOU**") with an independent third party ("**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, which 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 the Hangzhou Property under the MOU. SPA 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 ("**Hangzhou Property Purchaser**") on 31 August 2018 at the Consideration for such disposal ("**Tai Rong Disposal**"). Given that the Tai Rong Disposal constituted a major transaction under Chapter 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), it would be subjected to the reporting, announcement and shareholders' approval requirements. On the same date of signing SPA, 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.

In order to allow greater flexibility to the Hangzhou Property Purchaser for settlement of the Consideration and the interest and security arrangement seek to protect the interest of the Group and incentivise the Hangzhou Property Purchaser to settle the remaining Consideration as soon as possible, the parties entered into Supplemental SPA on 25 August 2019 to amend certain terms of the SPA.

The registration of the transfer of the issued shares of Hangzhou Tai Rong with the local administration for industry and commerce bureau was completed on 31 October 2019.

Details of the Tai Rong Disposal were set out in the Company's announcements dated 15 June 2018, 28 August 2018, 31 August 2018 and 25 August 2019, and the Company's circular dated 26 October 2018.

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

FINANCIAL REVIEW

Capital structure

As at 31 December 2019, the Group's consolidated net asset was approximately HK$2,068.9 million, representing a decrease of approximately HK$1,304.1 million as compared to that of approximately HK$3,373.0 million as at 31 December 2018.

There is no shares movement since the last year ended. As at 31 December 2019, 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$2,066.2 million (as at 31 December 2018: approximately HK$3,370.0 million).

Liquidity and financial resources

As at 31 December 2019, the Group's bank balances and cash was approximately HK$560.2 million (as at 31 December 2018: approximately HK$1,168.0 million), current assets of approximately HK$1,638.1 million (as at 31 December 2018: approximately HK$3,140.3 million), current liabilities of approximately HK$549.1 million (as at 31 December 2018: approximately HK$934.0 million). The current ratio was 2.98 times *(Note 1)* (as at 31 December 2018: 3.36 times). As at the end of this year, the net current assets of the Group were approximately HK$1,089.0 million (as at 31 December 2018: approximately HK$2,206.3 million).

As at 31 December 2019, the total debt financing of the Group was approximately HK$281.5 million (as at 31 December 2018: approximately HK$426.6 million), which all was the current debt financing (as at 31 December 2018: approximately HK$426.6 million), and no non-current debt financing for the reporting year (as at 31 December 2018: nil).

The negative net debt *(Note 2)* of the Group was approximately HK$157.8 million (as at 31 December 2018: negative net debt of approximately HK$617.8 million) and the total equity was approximately HK$2,068.9 million (as at 31 December 2018: approximately HK$3,373.0 million). Therefore, the gearing ratio *(Note 3)* as at the end of the period was 0.14 (as at 31 December 2018: 0.13).

Note 1: Current ratio = Current assets/Current liabilities
Note 2: Net debt = Borrowings + Other loan – 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 2019, the Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2018: nil).

Charges on group assets

As at 31 December 2019, the Group's bank borrowings of approximately HK$281.5 million were secured by an investment property (as at 31 December 2018: approximately HK$426.6 million) with the carrying value of approximately HK$807.0 million (as at 31 December 2018: approximately HK$856.5 million).

Contingent liabilities

As at 31 December 2019, the Group had no material contingent liabilities (as at 31 December 2018: 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 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 considered that the Group's exposure to the potential foreign currency risk was relatively limited.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 41 (as at 31 December 2018: 69) employees, of whom approximately 68.3% (as at 31 December 2018: 44.9%) 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

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

On 10 June 2019, a second special dividend in respect of the financial year ended 31 December 2018 of 20 HK cents per share of the Company ("**Second Special Dividend**"), totaling approximately HK$1,050.0 million in cash was paid.

Details of the Second Special Dividend were set out in the Company's announcement of final results and annual report for the year ended 31 December 2018 dated 26 March 2019, the Company's announcement dated 10 May 2019 and the Company's circular dated 23 April 2019.

PROSPECTS

The economic outlook of the year 2020 seems to be dominated by various downside risks, while the International Monetary Fund lowered global economic growth forecast in 2020 by a 0.1 percentage point to 3.3 percent in its January update to the World Economic Outlook. During the first few weeks of 2020, certain risks, whether identified by market participants or not, have been materialized as Iran launched missiles against US military bases, following by the outbreak of coronavirus disease, COVID-19. Management of the Group will closely monitor the events from which these risks arising, include but not limit to, US president election, global trade disputes, trade negotiation between UK and European Union ("**EU**"), power distribution in EU after Brexit, and global climate change, as well as government policies addressing those risks, and their effects on the valuation of different classes of assets.

These risks could damage global economic growth this year and hence the valuation of certain assets in different markets and regions, but a sharp and rapid economic rebound could follow with the support of fiscal and monetary policy. The Management is in the course of exploring possible investment opportunities and other business models or other forms of investment that the Group, on the one hand, can generate income and, on the other hand, can reduce/control the risk exposure of the Group.

The Group will seize market opportunities brought by these risks and challenges, and continue to consolidate the development results of each business segment. With professional management expertise, an insightful business strategy, stable and conservative financial position, the Group is well-positioned for sustainable and healthy growth in the chosen market segments in which it operates and strives to reward its shareholders with fruitful returns.

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

During the year ended 31 December 2019, 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 2019, the Company has complied with all code provisions of the Corporate Governance Code ("**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 of the Company ("**CEO**") from 1 January 2019 to 29 October 2019 and Dr. Kwong Kai Sing Benny was appointed as the CEO on 30 October 2019, while the chairman of the Board ("**Chairman**") remained vacant. The Company deviated from code provision A.2.1 and A.2.7 of the CG Code from 1 January 2019 to 31 December 2019.

The Company is still in the process of identifying a suitable candidate to fill the vacancy of the 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 fourteen days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 December 2019, certain Board meetings were convened with less than fourteen 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, the independent non-executive Director, was unable to attend the special general meeting and 2019 annual general meeting held on 10 May 2019 and 13 June 2019 respectively, due to his other business engagement. Ms. Liu Yan, the independent non-executive Director, was unable to attend the 2019 annual general meeting held on 13 June 2019 due to her other business engagement.

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 2019.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**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 2019.

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 for, 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 2019 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 2019 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 2019 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 2019 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
Kwong Kai Sing Benny
Chief Executive Officer

Hong Kong, 27 March 2020

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

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

Independent non-executive Directors:
Dr. Gao Bin
Ms. Liu Yan
Mr. Tang King Shing