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 2020

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 referred to as "**Group**") for the year ended 31 December 2020 together with the comparative figures of the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	3		
Contracts with customers		**20,490**	19,955
Leases		**96**	6,588
Net investment losses	5	**(1,832)**	(616)
Total		**18,754**	25,927
Other income	6	**85,911**	51,353
Impairment losses reversed (recognised) under expected credit loss model, net		**27,052**	(39,641)
Other gains and losses	7	**49,061**	150,973
Purchases and changes in inventories		**(14,270)**	(12,473)
Employee benefits expenses		**(28,216)**	(43,855)
Other operating expenses		**(33,420)**	(55,494)
Changes in fair value of investment properties	13	**(40,353)**	(72,505)
Changes in fair value of assets classified as held-for-sale		**–**	(17,412)
Impairment losses on mining rights	14	**(92,225)**	(170,821)
Finance costs	8	**(8,867)**	(15,291)

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Loss before tax		**(36,573)**	(199,239)
Income tax credit (expense)	9	**9,339**	(47,531)
Loss for the year	10	**(27,234)**	(246,770)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**65,034**	(17,264)
Reclassification of cumulative translation reserve upon disposal and deregistration of foreign operations		**–**	9,965
Other comprehensive income (expense) for the year		**65,034**	(7,299)
Total comprehensive income (expense) for the year		**37,800**	(254,069)
Loss for the year attributable to:			
Owners of the Company		**(26,782)**	(246,440)
Non-controlling interests		**(452)**	(330)
		(27,234)	(246,770)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**37,931**	(253,751)
Non-controlling interests		**(131)**	(318)
		37,800	(254,069)
Loss per share	12		
– Basic (HK cents)		**(0.51)**	(4.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**2,797**	9,483
Investment properties	13	**792,245**	806,985
Intangible assets		**4,155**	4,155
Mining rights	14	**81,791**	174,016
Financial assets at fair value through profit or loss		**609**	571
Right-of-use assets		**6,189**	3,005
Deferred tax assets		**5,600**	39
Deposit paid for acquisition of subsidiaries and other non-current deposits	15	**118,765**	–
Other non-current assets		**6,000**	6,000
		1,018,151	1,004,254
Current assets			
Inventories		**1,955**	1,700
Financial assets at fair value through profit or loss		**7,887**	10,112
Accounts receivable	16	**3,701**	4,244
Other receivables, deposits and prepayments		**965,140**	1,061,759
Bank balances and cash		**496,862**	560,240
		1,475,545	1,638,055
Current liabilities			
Accrued liabilities and other payables		**17,550**	6,440
Borrowings	17	**235,626**	281,471
Other loan		**–**	120,958
Lease liabilities		**2,383**	1,853
Tax payables		**127,452**	138,383
		383,011	549,105
Net current assets		**1,092,534**	1,088,950
Total assets less current liabilities		**2,110,685**	2,093,204

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Deferred tax liabilities		**–**	23,027
Lease liabilities		**3,936**	1,228
		3,936	24,255
Net assets		**2,106,749**	2,068,949
Capital and reserves			
Share capital	18	**262,501**	262,501
Reserves and accumulated losses		**1,841,625**	1,803,694
Equity attributable to owners of the Company		**2,104,126**	2,066,195
Non-controlling interests		**2,623**	2,754
Total equity		**2,106,749**	2,068,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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 Company's immediate holding company is Songbird SG PTE. Ltd., a company incorporated in British Virgin Islands ("**BVI**") with limited liability and its ultimate holding company is Satinu Resources Group Ltd., a company incorporated in 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) property investment; (ii) medical equipment trading; (iii) mining and exploitation of natural resources; and (iv) financial services and asset management.

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that up to the date of approval for issuance of this consolidated financial statements, a company established in the People's Republic of China (the "**PRC**") to be acquired under very substantial acquisitions of shopping mall businesses in the PRC as described in Note 19, 廣州融智公共設施投資有限公司 (the "**Guangzhou Target Company**"), have reached an agreement in principle with Bank of Jinzhou Co., Ltd., Shanghai Road Branch (the "**Bank of Jinzhou**") regarding the renewal of bank borrowings with the principal amount of approximately RMB1,370,000,000 (equivalents approximately to HK$1,628,245,000) ("**Guangzhou Bank Loan**") which originally due in January 2021 and undergoing the internal approval process of the Bank of Jinzhou. If the Guangzhou Bank Loan has not been successfully renewed subsequent to the completion of the acquisition of Guangzhou Target Company and being enforceable for repayment, the Group may not have sufficient resources to settle the acquisition considerations of very substantial acquisitions of shopping mall businesses and repay the Guangzhou Bank Loan with interest accrued to the Bank of Jinzhou, given that the Group has net current assets approximately HK$1,092,534,000 included bank balances and cash of HK$496,862,000 as at 31 December 2020.

In March 2021, the Group had entered into an undertaking arrangement with Dai Yongge ("**Mr. Dai**"), the ultimate controlling party of the Seller as defined in Note 19, that if the Guangzhou Bank Loan has not been successfully renewed subsequent to the completion of the acquisition of Guangzhou Target Company and being enforceable for repayment, Mr. Dai will irrevocably fulfil his personal obligations under this undertaking arrangement to repay all amounts of the Guangzhou Bank Loan due with interest accrued to the Bank of Jinzhou. In case of such event happened, the Group has agreed to repay Mr. Dai's settlement amount within 13 months from his settlement date or when financing on Guangzhou Target Company is available to the Group for repayment, whenever earlier.

Taking into account of the internally available funds, non-current assets held or to be acquired by the Group and the undertaking obtained from Mr. Dai, the directors of the Company are confident that the Group will be able to meet its financial obligations and settle the consideration payable of very substantial acquisitions of shopping mall businesses when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. 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.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

2.3 Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* ("HKFRS 16") if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated losses at 1 January 2020. The Group has benefited from 3 months waiver of lease payments on office premise in Hong Kong. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of approximately HK$345,000, which has been recognised as variable lease payments in profit or loss for the current year.

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 and the related Amendments [1]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 [4]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) [1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use [2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract [2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 [2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2022
[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 2021

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company 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 HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

3. REVENUE

Disaggregation of revenue for contracts with customers:

	Medical equipment trading	
	2020	2019
	HK$'000	*HK$'000*
Types of goods		
Sales of medical equipment	**20,490**	19,955
Geographical markets		
The PRC	**20,490**	19,955
Timing of revenue recognition		
At a point in time	**20,490**	19,955

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended 31 December 2020 and 2019:

	Segment revenue	
	2020	2019
	HK$'000	HK$'000
Revenue from contracts with customers		
– Medical equipment trading	**20,490**	19,955
Leases	**96**	6,588
Total revenue	**20,586**	26,543

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 light of the heightened unpredictability of oil price coupled with unprecedented decrease in demand for petrochemical and metal-related products, the Group was not active in engaging in the trading of petrochemical and metal-related products since 2019. The directors of the Company decided to cease its commodity trading business in current year and the "Commodity and medical equipment trading" segment has renamed as "Medical equipment trading" segment.

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

(i) Property investment segment – property investment and leasing of properties;

(ii) Medical equipment trading segment;

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

(iv) Financial services and asset management segment by aggregating different operating segments including trading equity securities and derivatives and managing of assets arising from acquisition of distressed debts assets.

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 2020

	Property investment *HK$'000*	Medical equipment trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and asset management *HK$'000*	Total *HK$'000*
Segment revenue	**96**	**20,490**	**–**	**–**	**20,586**
Segment net investment losses	**–**	**–**	**–**	**(1,832)**	**(1,832)**
Total	**96**	**20,490**	**–**	**(1,832)**	**18,754**
Segment results	**(55,858)**	**(1,792)**	**(93,876)**	**(5,504)**	**(157,030)**
Interest income from consideration receivable from disposal of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co. Ltd.* ("**Hangzhou Tai Rong**")					**76,923**
Net foreign exchange gains					**44,498**
Changes in fair value of structured deposits					**5,746**
Impairment losses reversed on other receivables and interest receivables					**28,336**
Unallocated interest income					**6,643**
Unallocated finance costs					**(99)**
Central administration costs					**(41,590)**
Loss before tax					**(36,573)**

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

For the year ended 31 December 2019

	Property investment *HK$'000*	Commodity and medical equipment trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and asset management *HK$'000*	Total *HK$'000*
Segment revenue	6,588	19,955	–	–	26,543
Segment net investment losses	–	–	–	(616)	(616)
Total	6,588	19,955	–	(616)	25,927
Segment results	(107,105)	(8,712)	(173,748)	9,371	(280,194)
Net gains on disposal and deregistration of subsidiaries, a limited partnership and a structured entity					172,504
Interest income from consideration receivable from disposal of Hangzhou Tai Rong					12,117
Net foreign exchange losses					(22,229)
Changes in fair value of structured deposits					1,594
Impairment losses recognised on other receivables					(50,918)
Unallocated interest income					12,276
Unallocated finance costs					(150)
Central administration costs					(44,239)
Loss before tax					(199,239)

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. 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 and other operating expenses, net foreign exchange gains (losses), changes in fair value of structured deposits, impairment losses reversed (recognised) on other receivables and interest receivables, interest income from consideration receivable from disposal of Hangzhou Tai Rong, unallocated interest income and finance costs, net gains on disposal and deregistration of subsidiaries, a limited partnership and a structured entity. 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:

	2020	2019
	HK$'000	HK$'000
Segment assets		
Property investment	**807,010**	826,478
Medical equipment trading (2019: Commodity and medical equipment trading)	**13,232**	11,666
Mining and exploitation of natural resources	**82,583**	175,285
Financial services and asset management	**493,346**	550,151
Total segment assets	**1,396,171**	1,563,580
Consideration receivable from disposal of Hangzhou Tai Rong	**928,969**	1,057,910
Interest receivable from consideration receivable	**31,976**	–
Deposit paid for acquisition of subsidiaries *(Note 19)*	**118,075**	–
Unallocated right-of-use assets	**4,237**	1,545
Unallocated financial assets at fair value through profit and loss ("**FVTPL**")	**609**	571
Unallocated property, plant and equipment	**1,791**	7,739
Unallocated intangible assets	**4,155**	4,155
Other unallocated corporate assets	**7,713**	6,809
Consolidated assets	**2,493,696**	2,642,309
Segment liabilities		
Property investment	**273,213**	322,913
Medical equipment trading (2019: Commodity and medical equipment trading)	**5,400**	2,128
Mining and exploitation of natural resources	**523**	23,583
Financial services and asset management	**1,177**	1,557
Total segment liabilities	**280,313**	350,181
Other loan	**–**	120,958
Unallocated lease liabilities	**4,280**	1,583
Unallocated tax payables	**92,112**	97,510
Other unallocated corporate liabilities	**10,242**	3,128
Consolidated liabilities	**386,947**	573,360

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

- all assets are allocated to operating and reportable segments other than consideration receivable from disposal of Hangzhou Tai Rong, interest receivable from consideration receivable, deposit paid for acquisition of subsidiaries, unallocated right-of-use assets, financial assets at FVTPL, property, plant and equipment and 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 payables and other unallocated corporate liabilities.

5. NET INVESTMENT LOSSES

	2020	2019
	HK$'000	*HK$'000*
Changes in fair value of financial assets at FVTPL	**(1,832)**	(616)

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Interest income from:		
– consideration receivable from disposal of Hangzhou Tai Rong	**76,923**	12,117
– bank and other deposits	**5,356**	11,737
– loan receivables	**1,315**	2,682
Government grants *(Note)*	**1,268**	–
Sundry income	**1,049**	1,266
Reparation interest income for previous redeemed loan note receivable	**–**	23,551
	85,911	51,353

Note: During the current year, the Group recognised government grants of HK$1,268,000 in respect of COVID-19-related subsidies relates to Employment Support Scheme provided by the Hong Kong government.

7. OTHER GAINS AND LOSSES

	2020	2019
	HK$'000	HK$'000
Net foreign exchange gains (losses)	**44,498**	(22,229)
Changes in fair value of structured deposits	**5,746**	1,594
Loss on disposal of property, plant and equipment	**(1,183)**	(896)
Net gains on disposal and deregistration of subsidiaries, a limited partnership and a structured entity	**–**	172,504
	49,061	150,973

8. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest expenses on		
– bank borrowings	**8,584**	14,523
– lease liabilities	**226**	451
– others	**57**	317
	8,867	15,291

9. INCOME TAX (CREDIT) EXPENSE

	2020 *HK$'000*	2019 *HK$'000*
Current tax:		
The PRC Enterprise Income Tax ("**EIT**")	**19,249**	99,270
Over-provision in prior years:		
The PRC EIT	**–**	(8,319)
Hong Kong Profits Tax	**–**	(1,077)
	–	(9,396)
Deferred tax	**(28,588)**	(42,343)
	(9,339)	47,531

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. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments	**9,751**	10,106
Other staff costs:		
– Salaries, allowances and benefits in kind	**17,405**	31,971
– Retirement benefit scheme contributions	**1,060**	1,778
Total staff costs	**28,216**	43,855
Auditor's remuneration	**1,910**	2,010
Cost of inventories recognised as an expense	**14,270**	12,473
COVID-19-related rent concessions *(Note 2)*	**(345)**	–
Depreciation of property, plant and equipment	**5,655**	7,541
Depreciation of right-of-use assets	**3,195**	6,418
Gross rental income from investment properties	**(96)**	(6,588)
Less: direct operating expenses arising from investment properties that generated rental income	**705**	768
	609	(5,820)

11. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
Nil (2019: 2018 special dividend – HK20 cents per share)	**–**	1,050,004

No dividend has been proposed for ordinary shareholders of the Company subsequent to the year ended 31 December 2020.

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:

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(26,782)**	(246,440)

	2020	2019
	'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 2020 and 2019, the Group leases out residential property units under operating leases with rentals payable weekly/monthly. The leases typically run for an initial period of 1 to 2 year(s) (2019: 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 2020, the total cash inflow for leases is HK$96,000 (2019: HK$6,588,000).

	HK$'000
FAIR VALUE	
At 1 January 2019	856,463
Changes in fair value recognised in profit or loss	(72,505)
Exchange realignment	23,027
At 31 December 2019	**806,985**
Changes in fair value recognised in profit or loss	**(40,353)**
Exchange realignment	**25,613**
At 31 December 2020	**792,245**

The fair value of the Group's investment properties at 31 December 2020 has been arrived at on the basis of valuations carried out by Messrs Savills (UK) Limited (2019: Messrs Cushman & Wakefield Debenham Tie Leung Limited), an independent qualified professional valuer not connected with the Group.

In determining the fair value of the investment properties, the Group engages the independent qualified professional valuer to perform the valuation. The management of the Group works closely with them to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair value of the investment properties to the directors of the Company.

There has been no change from the valuation technique used during the year ended 31 December 2020. In estimating the fair values of the investment properties for disclosure purpose, the highest and the best use of the investment properties is their current use. The fair values of investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

14. MINING RIGHTS

	HK$'000
COST	
At 1 January 2019, 31 December 2019 and 31 December 2020	1,003,034
IMPAIRMENT	
At 1 January 2019	658,197
Impairment losses recognised	170,821
At 31 December 2019	**829,018**
Impairment losses recognised	**92,225**
At 31 December 2020	**921,243**
CARRYING VALUES	
At 31 December 2020	**81,791**
At 31 December 2019	174,016

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 11 to 15 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Khovd Gol has a remaining legal life of 16 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 of the Company 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 2020.

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 2020 and 2019. 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 by 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 2020 and the directors of the Company 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 five to twenty years (2019: four to nineteen years). The pre-tax discount rates used for the VIU calculations are 25.7% (2019: 24.36% to 25.87%). Other key assumptions in estimating the discounted future pre-tax cash flows are included tungsten metal estimated selling price with 0.2% growth rate (2019: 0.3%), estimated future costs of production, estimated future operating costs, recoverable reserves, resources and exploration potential and exchange rates.

In November 2018 and August 2019, the Group engaged 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 years ended 31 December 2018 and 2019. Furthermore, the directors of the Company have planned to carry out the third phase of exploitation work for the mining right in Tsunkheg and however, as a result of quarantine measures as well as the travel restrictions imposed by the PRC and Mongolia under the COVID-19 pandemic, the third phase of exploitation work have not been started in 2020.

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 previous 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 five to twenty years (2019: 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 Norton Appraisals Limited, independent qualified professional valuer, to perform the valuation of mining rights at 31 December 2020 (2019: Jones Lang LaSalle Corporation Appraisal and Advisory Limited) based on the Updated Resource Estimation Technical Report and the latest feasibility study report. With reference to the valuation of mining rights performed by valuer and the information available to the Group up to the report date, the directors of the Company were in the view that impairment losses of the mining rights amounting to approximately HK$92,225,000 (2019: HK$170,821,000) for the year ended 31 December 2020 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 (2019: lower than) its carrying amount.

The directors of the Company believe that the estimates and assumptions incorporated in the impairment assessment are reasonable; however, the estimates and assumptions are subject to significant uncertainties and judgements. Furthermore, the directors of the Company expected that the third phase of exploitation work can only start after the relaxation of quarantine measures and travel restrictions and the recoverable reserves, resources and exploration potential for the mining rights in Tsunkheg may differ from previous estimates and causing potential adjustments to the recoverable amount of the Mining CGU upon completion of the third phase of exploitation work.

15. DEPOSIT PAID FOR ACQUISITION OF SUBSIDIARIES AND OTHER NON-CURRENT DEPOSITS

The amounts represent a deposit paid for acquisition of subsidiaries and other non-current deposits during the year ended 31 December 2020 (2019: nil). Details of the acquisition were set out in note 19 of this announcement.

16. ACCOUNTS RECEIVABLE

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable arising from the sales of medical equipment	**5,142**	4,401
Less: Allowance for credit losses	**(1,441)**	(157)
	3,701	4,244

As at 1 January 2019, accounts receivables from contracts with customers amounted to HK$6,964,000. The Group allows a credit period of 30 to 120 days (2019: 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:

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**1,098**	1,168
31 – 90 days	**148**	–
91 – 120 days	**535**	102
Over 120 days	**1,920**	2,974
	3,701	4,244

17. BORROWINGS

	2020	2019
	HK$'000	*HK$'000*
Secured variable-rate bank borrowing	**232,005**	281,471
Unsecured fixed-rate bank borrowing	**3,621**	–
	235,626	281,471

As at 31 December 2020, the secured variable-rate bank borrowing of approximately HK$232,005,000 (2019: HK$281,471,000) carried interest at the London Interbank Offered Rates plus a margin of 2.75% (2019: 2.75%) per annum, which the effective interest rate is 3.04% (2019: 3.56%) per annum. It contains a repayment on demand clause and contractually repayable within one year based on scheduled repayment dates set out in the loan agreement and shown under current liabilities.

As at 31 December 2020, the unsecured fixed-rate bank borrowing amounting to approximately HK$3,621,000 (2019: Nil) which is unguaranteed, carried at fixed interest rate of 4.10% and is repayable within one year.

18. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2019, 31 December 2019 and 31 December 2020	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2019, 31 December 2019 and 31 December 2020	5,250,019,852	262,501

19. EVENTS AFTER REPORTING PERIOD

Very substantial acquisitions of shopping mall businesses in the PRC

On 24 December 2020, the Group had entered into sale and purchase agreements with Stone Wealth Limited ("**Seller**"), a company incorporated in the BVI with limited liability, to acquire the entire issued share capital of its wholly subsidiaries, Sky Build Limited ("**Sky Build**"), at a consideration of approximately RMB554,000,000 (equivalent to approximately HK$655,141,000), to be settled by a refundable deposit of RMB100,000,000 (equivalent to approximately HK$118,075,000) payable on the date of agreement and RMB454,000,000 (equivalent to approximately HK$536,884,000) upon the completion of the acquisition, and Superb Power Enterprises Limited ("**Superb Power**"), incorporated in the BVI with limited liability, at a consideration of approximately RMB1,437,000,000 (equivalent to approximately HK$1,699,345,000).

Up to the date of approval for issuance of this consolidated financial statements, the Guangzhou Target Company, a subsidiary of Superb Power, have reached an agreement in principle with the Bank of Jinzhou regarding the renewal of Guangzhou Bank Loan which originally due in January 2021 and undergoing the internal approval process of the Bank of Jinzhou. The Group then had entered into an undertaking arrangement with Mr. Dai, the ultimate controlling party of the Seller, in March 2021 that if the Guangzhou Bank Loan has not been successfully renewed subsequent to the completion of the acquisition of Superb Power and being enforceable for repayment, Mr. Dai will irrevocably fulfil his personal obligations under this undertaking arrangement to repay all amounts of the Guangzhou Bank Loan due with interest accrued to the Bank of Jinzhou. In case of such event happened, the Group has agreed to repay Mr. Dai's settlement amount within 13 months from his settlement date or when financing on Guangzhou Target Company is available to the Group for repayment, whenever earlier.

Sky Build indirectly holds the entire equity interest in Jinzhou Target Company, which in turn holds the operating rights of Jinzhou Shopping Mall and Superb Power indirectly holds the entire equity interest in Guangzhou Target Company, which in turn holds the operating rights of Guangzhou Shopping Mall.

The acquisitions are subject to approval by the shareholders of the Company under the Listing Rules and will be proposed at the Shareholder General Meeting for shareholders to approve. Details of the above acquisitions were set out in the Company's announcement dated 24 December 2020 and the Company's circular dated 26 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

For the year ended 31 December 2020, the revenue and the net investment losses of the Group were approximately HK$20.6 million and HK$1.8 million, down by 22.3% and up by 200% when compared to approximately HK$26.5 million and approximately HK$0.6 million for the last year respectively, because various businesses of the Group have been negatively affected by COVID-19 pandemic to different degrees. Such decline in revenue of approximately HK$5.9 million was mainly attributable to the decrease in rental income of approximately HK$6.5 million due to lockdown in London, the United Kingdom ("**UK**") and partly offset by the increase in revenue from medical equipment trading business of approximately HK$0.5 million as demand of the medical equipment and products resumed. Furthermore, the increase in the net investment losses on securities investment of approximately HK$1.2 million reflected the value decrease of the Group's investment portfolio of Hong Kong listed securities under impacts of pandemic.

Despite of the decline in revenue, the Group recorded a substantial decrease in loss before tax for the year of approximately HK$162.7 million, by 81.6% as compared with last year, with the combined effect of:

(i) an increase in other income from approximately HK$51.4 million last year to approximately HK$85.9 million this year mainly due to the increase in interest income from disposal receivable of a subsidiary, which held an investment property in Hangzhou, the People's Republic of China ("**PRC**");

(ii) a reversal of impairment losses under expected credit loss model of approximately HK$27.1 million was recorded this year due to an improvement in the receipt of other receivables, whereas the recognised impairment losses of last year was approximately HK$39.6 million;

(iii) a decrease in other gains from approximately HK$151.0 million last year to approximately HK$49.1 million this year that was mainly attributable to the absence of gains on disposal of subsidiaries and a net gain of foreign exchange was recorded this year;

(iv) a significant decrease of 35.8% in employee benefits expenses from approximately HK$43.9 million last year to approximately HK$28.2 million this year due to the decrease in headcounts and reductions in salary and bonus;

(v) a significant decrease of 39.8% in other operating expenses from approximately HK$55.5 million last year to approximately HK$33.4 million this year as cost reduction measures have been implementing over the past two years amid the streamlining of various business segments and the ceasing of operation of commodity trading business in mid-year 2020;

(vi) a decrease of 44.3% in the changes of fair value of investment properties from approximately HK$72.5 million last year to approximately HK$40.4 million this year since the UK real estate prices dropped moderately amid COVID-19 pandemic under the stamp duty holiday stimulus and agreement on Brexit deal;

(vii) an absence of the changes in fair value of assets classified as held-for-sale in 2020 as compared to a loss of approximately HK$17.4 million last year;

(viii) a decrease of 46.0% in impairment losses on mining rights from approximately HK$170.8 million last year to approximately HK$92.2 million this year due to the impact of adverse factors of the COVID-19 pandemic; and

(ix) a decrease of 41.8% in finance costs from approximately HK$15.3 million last year to approximately HK$8.9 million this year as a result of reduction in borrowings amount.

Accordingly, the Group recorded a significant decrease in loss attributable to owners of the Company from approximately HK$246.4 million for the previous year to approximately HK$26.8 million this year.

BUSINESS REVIEW

The Group is principally engaged in the businesses of property investment, medical equipment trading, mining and exploitation of natural resources, and financial services and asset management.

Property Investment

Real estate in UK

The Group holds luxury real estate in premium location in central London within close proximity to the Buckingham Palace. As at 31 December 2020, the investment properties of the Group carried at fair value was approximately HK$792.2 million.

The revenue generated from this segment for the year ended 31 December 2020 was approximately HK$0.1 million, representing a substantial decrease of 98.5% as compared to approximately HK$6.6 million of previous year. Such decrease in rental income was mainly attributable to the decline in tourism and short-term individual and business tenants as London was subject to several lockdown restrictions throughout the year during the outbreak of COVID-19. The segment result was therefore a loss of HK$55.9 million, but represented a significant decrease of 47.8% as compared to HK$107.1 million of last year, due to the reduction of operating expenses and finance costs under the implementation of cost reduction program and the decrease of changes in fair value of investment properties.

The renovation project of the UK properties, which was expected to be commenced before the end of 2020 as disclosed in the 2020 interim report of the Company ("**2020 Interim Report**"), was temporarily put on hold due to a number of factors including uncertainties of Brexit arrangement, COVID-19 impacts on UK real estate market and practical difficulties encountered by contractors in adhering to social distancing rules on building sites. The management of the Group will closely monitor the impacts of the above factors on the real estate sector and re-assess the practical needs and benefits of the project in this rapidly changing environment.

Acquisitions of shopping mall businesses in the PRC

On 24 December 2020, a wholly-owned subsidiary of the Company entered into the conditional share purchase agreements for the acquisitions ("**Acquisitions**") of shopping mall businesses in Jinzhou and Guangzhou in the PRC. Details of which were set out in the Company's announcement dated 24 December 2020 and the section headed "**Very Substantial Acquisitions**" of this announcement.

Against the backdrop of the on-going global pandemic which is expected to hinder organic growth of our existing businesses in the near future, the Company considers to diversify within the property investment business segment through acquisitions. The shopping mall businesses to be acquired primarily involve the leasing of shop spaces, which share similarities in business, operating and income model with the existing property investment business of the Group, and therefore are considered to be a natural extension of the property investment business into commercial shopping mall properties. The Company's professional team will leverage on existing knowledge and expertise acquired from managing different property types in various geographical locations over the years in supervising the new businesses. After the completion of the Acquisitions, the new shopping mall businesses are expected to provide the enlarged Group with secured and stable source of rental income and other management fee income.

Medical Equipment Trading

The Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Group operates in a highly competitive market.

The revenue for the year increased slightly by 2.5 % to approximately HK$20.5 million, as compared to approximately HK$20.0 million of last year. Although the sales of many of the Medical Products were suspended during the lockdown in the first half of 2020 amid COVID-19 pandemic, backlog orders have been delivered in the second half of the year after cities reopening and subsequent demand of which has steadily increased along with ageing population. Due to the increased administrative costs caused by lockdown restrictions in the first half of the year, the segment loss was approximately HK$1.8 million for the year, represented an increase of 12.5% as compared with approximately HK$1.6 million of last year.

Mining and Exploitation of Natural Resources

The Group has four mining rights licences ("**Mining Rights**") of three tungsten projects. The segment of mining and exploitation of natural resources business recorded no revenue in the year under review as the Group is in the progress to approach numerous investors during the first half of 2020 for mining co-operation, but the meetings and communications was suspended by the COVID-19 pandemic and its subsequent lockdown measures.

Considering various factors including possible negative impact of COVID-19 on demand of tungsten and hence volatility in tungsten price, logistical bottlenecks and the significant increase in exploration, transportation and logistical costs of mining caused by lockdown and restrictive measures, a conservative approach has been adopted for the valuation of Mining Rights. As a result, the carrying values of the Mining Rights was further impaired from approximately HK$174.0 million as at 31 December 2019 to approximately HK$81.8 million as at 31 December 2020. As such, a total amount of approximately HK$92.2 million of impairment loss on mining rights was recognized this year. Accordingly, the segment result was a loss of approximately HK$93.9 million.

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 2020 and 31 December 2019, as both were conducted by discounted cash flow method under income approach.

Key Inputs

Average grades of the Mining Rights

The average grades used for the valuation of Mining Rights for both years ended 31 December 2019 and 2020 were based on information in the second phase of updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources that was made available to the Company in February 2020.

	Average Grades	
Mining License	**As at 31 December 2020**	As at 31 December 2019
MV-5518 & MV-11027	**1.1%**	1.1%
MV-11863	**1.6%**	1.6%
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 2020		As at 31 December 2019	
Adopted price on 65% tungsten concentrate	**US$13,329 per ton**	**With reference to the market price in 2020**	US$12,494 per ton	With reference to the market price in 2019
Price growth (%)	**0.2%**	**Compound annual growth rate of the market price from 2006**	0.3%	Compound annual growth rate of the market price from 2007
Post-tax discount rate (%)	**21.1%**	**Based on weighted average cost of capital**	20.6%	Based on weighted average cost of capital
Cash flow projection (years)	**Five to twenty**	**With reference to the feasibility study report prepared in 2020**	Four to nineteen	With reference to the feasibility study report prepared in 2019

Provided that the vaccine distribution continues to evolve through 2021, the demand of tungsten is anticipated to rise at a considerable rate in the future as economies grow and industrial output rebound back to pre-pandemic level. However, the reality is that the U.S. and much of the world remains mired in a health crisis at the moment, and there is a general understanding that the vaccine rollout is a long-term proposition. The price of tungsten in the future will be affected by the progress of vaccine rollout and the status of COVID-19 mutants, but those factors remain highly uncertain. The immediate impact of COVID-19 on the tungsten market will be a higher mining and transportation costs due to the traffic restrictions in different regions and countries, additional precaution measures for workers, strict physical distancing controls at the mining site and disruptions to the supply chain. As a result, the estimated profit of mining tungsten has been seriously squeezed. Based on the uncertain demand and price of tungsten and the raising mining costs, the Directors are of the view that the exploration and mining of tungsten should be postponed until the price of tungsten and costs of mining can be reliably estimated while the economic recovery amid vaccine rollout becomes more certain.

Financial Services and Asset Management

No segment revenue was recorded as the prospect and market condition were yet to be certain especially in light of the economic downturn, the elevated China-US tension and the COVID-19 pandemic, the Group has adopted a prudent approach in investments during the year ended 31 December 2020. As a result, a segment loss of approximately HK$5.5 million was recorded this year as compared to a segment profit of approximately HK$9.4 million last year. The status of each of businesses in this segment is further discussed as below.

Financial services

The Group has obtained a money lenders licence under the Money Lenders Ordinance, Chapters 163 of the Laws of Hong Kong through a wholly-owned subsidiary in August 2020, and the relevant procedures and other preparation works have been completed. The original plan to commence money lending business in the second half of 2020, as disclosed in the 2020 Interim Report, will be temporarily postponed as the corporate internal resources has been reserved for the Acquisitions.

Given that the acquisitions of new businesses will be successfully completed in a short time frame, the commencement of money lending business will be postponed until the newly acquired businesses have showed signs of stabilisation and corporate resources continue to grow and accumulate. The Directors will closely monitor the development of our various business segments and strategically allocate corporate resources with an aim to maximize the Company's shareholders ("**Shareholders**") returns.

Distressed debt assets management

The Group recorded no net investment gain or loss in its distressed debt assets management business for both years ended 31 December 2019 and 2020 due to no transaction of acquisition or disposal of distressed debt asset has been conducted under increasing risk of economic downturn amid COVID-19 pandemic. The price of distressed debt assets including non-performing loans ("**NPLs**") fell to a relatively low level in 2020, and is expected to remain low in the foreseeable future, due to abundant supply in the market. During the first nine months of 2020, 1.73 trillion yuan of NPLs were written off in Chinese banks' balance sheet, mostly through selling to third-party distressed debt managers, according to China Banking and Insurance Regulatory Commission. After careful assessment of various risks in the distressed debt assets market, the Directors were of the view that acquisitions of these assets may not be considered as appropriate for the time being, due to the increased associated risks yet lowered returns for uncertain recovering period. As a result, the business incurred a loss of approximately HK$3.7 million for this year, mainly representing the overhead costs of the business operation, whereas the loss of last year was approximately HK$5.3 million.

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.

As at 31 December 2020, the carrying value of the investment portfolio (recorded as financial assets at fair value through profit or loss in the consolidated statement of financial position) was approximately HK$7.9 million, versus of approximately HK$10.1 million as at 31 December 2019. The holding of such listed securities investments has remained unchanged and they were 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 investment portfolio is in line with the Directors' prudent investment strategy in view of the prevailing investment environment in the region.

A net investment loss on the fair value amounting to approximately HK$1.8 million was recorded for this year due to market volatility and the drop in share prices of the listed securities investments in our investment portfolio amid COVID-19 pandemic, as compared to approximately HK$0.6 million of last year. The Directors currently do not anticipate any disposal or addition in the Group's investment portfolio in the foreseeable future as the securities' market is still yet to be certain.

Cessation of Commodity Trading Business

On 5 May 2020, the Board has resolved to apply for striking off of Sino United Energy Pte. Ltd. ("**Sino United**"), an indirectly wholly-owned subsidiary of the Company which has been principally engaged in commodity trading business and security trading business, under the law of Singapore ("**Striking Off**"). Since Sino United is the only subsidiary of the Company engaging in the commodity trading business, the Group has also ceased to carry on the commodity trading business.

As disclosed in the section of management discussion and analysis of 2019 Annual Report, the extreme volatility of oil price since 2019 has adversely affected the terms of supply of oil and/or other petroleum products granted to the Group by its suppliers, rendering the commodity trading business in this segment hardly commercially attractive, the management of the Company hence was not active in engaging in any such trading activities since 2019. As a result, the Group recorded no revenue generated from commodity trading business both for the years ended 31 December 2019 and 2020. A loss of approximately HK$0.3 million incurred on commodity trading business in the reporting year therefore absorbed by the head office of the Group, comparing to a loss of approximately HK$7.2 million for the same period last year.

As disclosed in the section of management discussion and analysis of the 2020 Interim Report, the price of the United States ("**US**") crude May futures contract in April 2020 fell as low as minus US dollars ("**USD**") 37.63 a barrel for the first time in history as room to store the unneeded barrels of oil piling up during COVID-19 was literally running out. The market was further stunned by the filing for bankruptcy protection by one of Singapore's giant oil traders which, according to reported news articles, has suffered about hundreds of million USD in losses from oil futures trading. In light of the heightened unpredictability of oil price coupled with unprecedented decrease in demand for oil and petroleum products, the Board considers that it is no longer commercially attractive to engage in the trading of oil and other commodities as it is risky yet with a low rate of return. The Board believes that it is in the best interests of the Company and its Shareholders as a whole to cease its commodity trading business at this stage so that the Group will be able to allocate more resources and management efforts to other business activities of the Company and/or to explore new lines of businesses with an aim to provide better returns for the Shareholders.

The Board is of the view that, since the Group recorded no revenue from commodity trading business for the years ended 31 December 2019 and 2020, the Striking Off and the cessation of commodity trading business shall have no material adverse impact to the financial performance and operation of the Group.

Details of the Striking Off were set out in the Company's announcement dated 5 May 2020.

Very Substantial Acquisitions

On 24 December 2020, a wholly-owned subsidiary of the Company entered into two conditional share purchase agreements with Stone Wealth Limited ("**Seller**") for the Acquisitions of, (i) the entire issued share capital of Sky Build Limited ("**Sky Build**") which is indirectly holding 100% equity interest in Jinzhou Jiachi Public Facilities Management Co., Ltd* (錦州嘉馳公共設施管理有限公司) (together with Sky Build and its wholly owned subsidiaries, "**Jinzhou Target Group**"), which holds a single-storey underground mall ("**Jinzhou Shopping Mall**") and engages in shopping mall business in Jinzhou in the Liaoning Province of the PRC ("**Jinzhou Shopping Mall Business**") at a cash consideration of RMB554 million, and (ii) the entire issued share capital of Superb Power Enterprises Limited ("**Superb Power**") which is indirectly holding 100% equity interest in Guangzhou Rongzhi Public Facilities Investment Co. Ltd.* (廣州融智公共設施投資有限公司) ("**Guangzhou Rongzhi**") (together with Superb Power and its wholly owned subsidiaries, "**Guangzhou Target Group**"), which holds a two-storey underground mall ("**Guangzhou Shopping Mall**") and engages in shopping mall business in Guangzhou in the Guangzhou Province of the PRC ("**Guangzhou Shopping Mall Business**") to be settled by the novation to the Company of the repayment obligations of the current account balances of Guangzhou Rongzhi due from a group of companies/parties controlled by the ultimate beneficial owner of the Seller in the amount of approximately RMB1,437 million as at 30 September 2020.

* *The English names are for identification purpose only*

The Company considers the Acquisitions to be a natural extension of its property investment business into commercial retail properties, given the common characteristics exhibit by the business, operating and income models of the Jinzhou Shopping Mall Business and the Guangzhou Shopping Mall Business. The Acquisitions are therefore considered aligned with the Company's existing business strategies related to its property investment business (to expand its property portfolio) and also consistent with the Group's resources as the consideration will be fully settled using the Group's internal resources.

A circular containing, among other information, (i) details on the Acquisitions; (ii) financial information of the Jinzhou Target Group and the Guangzhou Target Group; (iii) pro-forma financial information of the Group as enlarged by the Acquisitions ("**Enlarged Group**"); (iv) property valuation reports on the Jinzhou Shopping Mall and the Guangzhou Shopping Mall; and (v) a notice of the special general meeting ("**SGM**"), which will be convened for the Shareholders to consider and if thought fit, to approve, among others, the share purchase agreements of the Acquisitions, and transactions contemplated thereunder, has been despatched to the Shareholders. The SGM is scheduled to be held on 21 April 2021.

After the completion of the Acquisitions, the Jinzhou Shopping Mall and the Guangzhou Shopping Mall will be held as investment properties by the Enlarged Group and the results of the Jinzhou Target Group and the Guangzhou Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

Details of the Acquisitions were set out in note 19 to the consolidated financial statements of this announcement, the Company's announcement dated 24 December 2020 and the Company's circular dated 26 March 2021.

FINANCIAL REVIEW

Capital structure

As at 31 December 2020, the Group's consolidated net asset was approximately HK$2,106.7million, representing a increase of approximately HK$37.8 million as compared to that of approximately HK$2,068.9 million as at 31 December 2019. There is no shares movement since the last year ended. As at 31 December 2020, 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$2,104.1 million (as at 31 December 2019: approximately HK$2,066.2 million).

Liquidity and financial resources

As at 31 December 2020, the Group's bank balances and cash was approximately HK$496.9 million (as at 31 December 2019: approximately HK$560.2 million), current assets of approximately HK$1,475.5 million (as at 31 December 2019: approximately HK$1,638.1 million), current liabilities of approximately HK$383.0 million (as at 31 December 2019: approximately HK$549.1 million). The current ratio was 3.85 times *(Note 1)* (as at 31 December 2019: 2.98 times). As at the end of this year, the net current assets of the Group were approximately HK$1,092.5 million (as at 31 December 2019: approximately HK$1,089.0 million).

As at 31 December 2020, the total debt financing of the Group was approximately HK$235.6 million (as at 31 December 2019: approximately HK$281.5 million), and no non-current debt financing for the reporting year (as at 31 December 2019: nil).

The negative net debt *(Note 2)* of the Group was approximately HK$261.2 million (as at 31 December 2019: negative net debt of approximately HK$157.8 million) and the total equity was approximately HK$2,106.7 million (as at 31 December 2019: approximately HK$2,068.9 million). Therefore, the gearing ratio *(Note 3)* as at the end of the period was 0.11 (as at 31 December 2019: 0.14).

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 2020, 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 2019: nil).

Charges on group assets

As at 31 December 2020, the Group's bank borrowings of approximately HK$232.0 million were secured by investment properties (as at 31 December 2019: approximately HK$281.5 million), with the carrying value of approximately HK$792.2 million (as at 31 December 2019: approximately HK$807.0 million).

Contingent liabilities

As at 31 December 2020, the Group had no material contingent liabilities (as at 31 December 2019: 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, 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 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 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 2020, the Group had 36 (as at 31 December 2019: 41) employees, of whom approximately 66.7% (as at 31 December 2019: 68.3%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

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

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

PROSPECTS

Global economy is estimated to grow at record speed by research institutes, international organizations, and market participants, conditional on a successful deployment of effective COVID-19 vaccines and continued accommodative fiscal, financial and monetary conditions. According to January 2021 World Economic Outlook Update issued by International Monetary Fund, the global economy is projected to grow 5.5 percent in 2021, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity later in the year, which outweigh the drag on near-term momentum due to rising infection. To seize the business opportunities of economy recovery in 2021, management has adopted a proactive approach in merger and acquisition since the fourth quarter of 2020, switching from a conservative stance for increasing corporate resilience in the past few years.

China has been, and continues to be, a fundamental driving force of merger and acquisition activity as it has become the only major economy that quickly recovered from the pandemic. the Chinese economy rose 2.3 percent last year with growth of 6.5 percent in the fourth quarter according to National Bureau of Statistics, while most nations around the world struggle with new lockdowns and layoffs in the face of the surging pandemic. Benefit from the dual circulation strategy under China's 14th five-year plan for 2021–2025 through boosting internal consumption and developing a strong domestic market, Chinese economy is projected to expand 9% in 2021 by Morgan Stanley, before moderating toward 5.4% in 2022.

Also, the Group has experienced diminishing revenue and operations across various of its business segments and against the pandemic and its impact on economies, the management of the Group considers that a diversified business strategy instead of organic growth is key in remedying the low level of operations of the Group and turning around its financial performance. The Board has therefore looked to acquiring businesses with a material level of operations and which would provide sustainable sources of revenue to the Group in the short term. It is believed that the acquisitions of Jinzhou Shopping Mall Business and Guangzhou Shopping Mall Business will therefore provide steady profits and cash flow with an imminent remedy for the enhancement of the operations of the Group. The Directors will continue to divert their efforts in exploring more merger and acquisition opportunities in businesses that benefited most from the economic rebound in China. In particular, the future acquisitions will allow the Group to potentially expand into other property-related business areas that would complement the operations of the shopping mall businesses such as building and decorative materials supply. Such businesses, if expanded into, are expected to provide ready supply of flooring, celling or others building and decorative materials to and generate potential synergies with the Jinzhou Shopping Mall and the Guangzhou Shopping Mall.

On 18 September 2020, the Company received a letter from The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") to warrant the continued listing of its shares. Upon completion of the Acquisitions, the Company would be able to maintain a sufficient level of operations, and in turn, satisfy the requirements under Rules 13.24 of the Listing Rules for the continued listing of the Company's shares on the Stock Exchange. Details of the above mentioned matters were set out in the Company's announcements dated 21 September 2020, 23 September 2020, 24 December 2020 and 8 February 2021, and the Company's circular dated 26 March 2021.

Riding on this wave of economic rebound, along with ageing population and rising health concerns among citizens, the medical business in China is anticipated to grow, but with a much moderate and steady pace as our products are low-end homogeneous products with keen market competition and market share of the suppliers in this field remain stable. There is no significant investment plan for other medical devices/products at the moment as entry barriers could be high under medical compliance requirements.

UK economy, on the other side of the world, is expected to take more than two years to recover to its pre-COVID-19 level amid the recent escalating lockdowns triggered by coronavirus variants and mutations, according to a Reuters poll of 70 economists. However, residential property has been a surprisingly outperformer in UK during the pandemic, thanks to the fiscal support such as stamp duty holiday, legal reforms on leasehold property and the agreement of Brexit deal, as well as the great vote of confidence cast by commercial sectors where Nissan committed to keep manufacturing cars in Sunderland. Taking advantage of the premium location of looking over the side of Buckingham Palace, our properties situated on the southern side of Buckingham Gate provide great long-term value appreciation as luxury residential market remain thin and the weight of negotiating power sits with the seller. However, reductions in rents will mostly reflect short-term income loss as issues arising from the pandemic will continue to weigh on real estate market. Subject to the funding needs and financial position of the Group, the Company may consider suitable real estate projects for acquisition if and when the opportunities arise.

2021 will be the year of transition marked as the beginning of post-COVID-19 era with brand new challenges and opportunities. To prepare for and adapt to the new business and operating environment shaping by the unprecedented pandemic, we will continue to focus on our operational efficiency, cost control, cash conservation and remain on mission to deliver a sustainable return to the Shareholders.

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

During the year ended 31 December 2020, 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 2020, the Company has complied with all the applicable 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. Kwong Kai Sing Benny was the chief executive officer of the Company, 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 2020 to 31 December 2020.

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. For the year ended 31 December 2020, 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 and Ms. Liu Yan, the independent non-executive Directors, were unable to attend the annual general meeting held on 13 June 2020 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 2020.

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 2020.

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 others, 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 2020 and up to the date of this 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 2020 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 2020 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 issued by the Hong Kong Institute of Certified Public Accountants 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 2020 will be despatched to the Shareholders 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, 30 March 2021

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

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

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