THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in **Tai United Holdings Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

SONGBIRD SG PTE. LTD.

(Incorporated in the Republic of Singapore with limited liability)

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF SONGBIRD SG PTE. LTD. TO ACQUIRE ALL THE ISSUED SHARES OF TAI UNITED HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SONGBIRD SG PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror

海通國際
HAITONG

Independent Financial Adviser to the Independent Board Committee

建泉融資有限公司
VBG Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Haitong International Securities containing, among other things, the terms of the Offer is set out on pages 6 to 14 of this Composite Document.

A letter from the Board is set out on pages 15 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from VBG Capital containing its advice on the Offer to the Independent Board Committee is set out on pages 25 to 42 of this Composite Document.

The procedures for acceptance and settlement of the Offer and related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event by no later than 4:00 p.m. on Thursday, 19 April 2018 or such later time(s) and/or date(s) as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the section headed "Important Notice", sub-paragraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from Haitong International Securities" on page 10 of this Composite Document and the paragraph headed "Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.irasia.com/listco/hk/taiunited/index.htm) as long as the Offer remains open.

29 March 2018

CONTENTS

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise expressly stated, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer *(Note 1)*	Thursday, 29 March 2018
Latest time and date for acceptance of the Offer *(Note 2)*	4:00 p.m. on Thursday, 19 April 2018
Closing Date *(Note 2)*	Thursday, 19 April 2018
Announcement of the results of the Offer (or its extension or revision, if any), to be posted on the website of the Stock Exchange and the Company *(Note 2)*	No later than 7:00 p.m. on Thursday, 19 April 2018
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Monday, 30 April 2018

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

2. The latest time and date for acceptance will be at 4:00 p.m. on Thursday, 19 April 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on Thursday, 19 April 2018 stating whether the Offer have been extended or revised. In the event that the Offeror decides to revise or extend the Offer, at least fourteen (14) days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the paragraph headed "Right of withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Haitong International Capital, Haitong International Securities, VBG Capital, the Registrar, and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the sub-paragraph headed "Taxation advice" under the paragraph headed "The Offer" in the "Letter from Haitong International Securities" in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"associate(s)"	has the meaning ascribed thereto in the Listing Rules or the Takeovers Code (as the case may be)
"Board"	the board of the Directors
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Chua Lee Holdings"	Chua Lee Holdings Limited, a company incorporated in New Zealand with limited liability. Chua Lee Holdings is the trustee of a trust set up in New Zealand by an individual who was previously the chairman of the Company
"Closing Date"	Thursday, 19 April 2018, being the closing date of the Offer which is 21 days following the date on which this Composite Document is posted (or such other date as revised or extended in accordance with the Takeovers Code)
"Company"	Tai United Holdings Limited, a company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 718)
"Completion"	completion of the sale and purchase of the Sale Shares and the Tai He Shares in accordance with the Sale and Purchase Agreements
"Completion Date"	25 January 2018, the date on which Completion took place

"Composite Document"	this composite offer and response document dated 29 March 2018 jointly issued by or on behalf of the Offeror and the Company to the Independent Shareholders in accordance with the Takeovers Code in respect of the Offer containing, among other things, the details of the Offer (accompanied by the Form of Acceptance) and the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser
"Director(s)"	the director(s) of the Company
"Encumbrance"	any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or any other security interest of any kind, including retention arrangements, any rights exercisable by third parties, and any agreement to create any of the foregoing
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form of Acceptance"	the form of acceptance and transfer of the Offer Shares in respect of the Offer (accompanying this Composite Document)
"GBP"	Great British Pounds, the lawful currency of the United Kingdom
"Group"	the Company and its subsidiaries
"Haitong International Capital"	Haitong International Capital Limited, the financial adviser to the Offeror in respect of the Offer, and is a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity
"Haitong International Securities"	Haitong International Securities Company Limited, a fellow subsidiary of Haitong International Capital, and is a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company comprising all three independent non-executive Directors for the purpose of making a recommendation to the Independent Shareholders regarding the terms of the Offer and its acceptance
"Independent Financial Adviser" or "VBG Capital"	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee in respect of the Offer and its acceptance
"Independent Shareholder(s)"	Shareholder(s), other than the Offeror and parties acting in concert with it (including Tai He)
"Joint Announcement"	the announcement dated 25 January 2018 jointly issued by the Company and the Offeror in relation to, among other things, the Sale and Purchase Agreements and the Offer
"Last Trading Day"	19 January 2018, being the last trading day on which the Shares were traded on the Stock Exchange prior to the date of issue and publication of the Joint Announcement
"Latest Practicable Date"	26 March 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offer"	the mandatory unconditional general cash offer made by Haitong International Securities for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Composite Document
"Offer Period"	the period from the date of the Joint Announcement until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code

"Offer Price"	the price at which the Offer is being made, being HK$0.92 per Offer Share
"Offer Share(s)"	any and all of the issued Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
"Offeror"	Songbird SG Pte. Ltd., an investment holding company incorporated in the Republic of Singapore with limited liability on 28 December 2017
"Overseas Shareholder(s)"	Independent Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Registrar"	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company, situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period from 25 July 2017, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
"Relevant Securities"	has the meaning ascribed thereto in the Takeovers Code
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreements"	the 1st Sale and Purchase Agreement and the 2nd Sale and Purchase Agreement
"Sale Shares"	1,228,349,064 Shares beneficially owned by TAI Capital immediately prior to Completion and sold to the Offeror pursuant to the 1st Sale and Purchase Agreement
"Sellers"	Chua Lee Holdings and TAI Capital
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TAI Capital"	TAI Capital LLC, a company incorporated in the Cayman Islands with limited liability. TAI Capital was a wholly-owned subsidiary of Chua Lee Holdings as at the Latest Practicable Date
"Tai He"	Tai He Financial Group Limited, a company incorporated in the Cayman Islands with limited liability. Tai He was a wholly-owned subsidiary of Chua Lee Holdings prior to Completion and has become a wholly-owned subsidiary of the Offeror since Completion
"Tai He Shares"	100 issued shares of Tai He sold by Chua Lee Holdings to the Offeror pursuant to the 2nd Sale and Purchase Agreement
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"US$"	United States dollars, the lawful currency of the United States of America
"1st Sale and Purchase Agreement"	the sale and purchase agreement dated 19 January 2018 entered into between the Offeror and TAI Capital for the acquisition of the Sale Shares by the Offeror
"2nd Sale and Purchase Agreement"	the sale and purchase agreement dated 19 January 2018 entered into between the Offeror and Chua Lee Holdings for the acquisition of the Tai He Shares by the Offeror
"%"	per cent.

English translation of names in Chinese or another language which are marked with "" in this Composite Document are for identification purpose only.*

海通國際
HAITONG

29 March 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF SONGBIRD SG PTE. LTD. TO ACQUIRE ALL THE ISSUED SHARES OF TAI UNITED HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SONGBIRD SG PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 25 January 2018, the Offeror and the Company jointly announced that on 19 January 2018, the Offeror as purchaser entered into the following two Sale and Purchase Agreements:

(1) the 1st Sale and Purchase Agreement, pursuant to which TAI Capital agreed to sell and the Offeror agreed to purchase the Sale Shares, being 1,228,349,064 Shares, representing approximately 23.40% of the entire issued share capital of the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$1,130,081,138.88; and

(2) the 2nd Sale and Purchase Agreement, pursuant to which Chua Lee Holdings agreed to sell and the Offeror agreed to purchase the Tai He Shares, being 100 shares of Tai He and representing 100% of the entire issued share capital of Tai He, which in turn holds 2,655,429,222 Shares, representing approximately 50.58% of the entire issued share capital of the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$2,442,994,884.24.

The Sale Shares and the Shares held by Tai He represent approximately 73.98% of the entire issued share capital of the Company as at the Latest Practicable Date.

The consideration for the Sale Shares and the Tai He Shares, is HK$1,130,081,138.88 and HK$2,442,994,884.24 respectively, equivalent to HK$0.92 per Share, which was determined following arm's length negotiations between the Offeror, TAI Capital and Chua Lee Holdings taking into account of, among others, (i) historical trading prices of the Shares and the trading volume of the Company; and (ii) the prevailing market prices of the Shares. The consideration was paid in cash by the Offeror to TAI Capital and Chua Lee Holdings on Completion.

All conditions precedent to the Sale and Purchase Agreements were satisfied and the Completion of the Sale and Purchase Agreements took place on 25 January 2018.

Immediately after Completion which took place on 25 January 2018 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 3,883,778,286 Shares, representing approximately 73.98% of the entire issued share capital of the Company. Accordingly, the Offeror was required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional general offer in cash for all the issued Shares other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

This letter forms part of this Composite Document and sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and the "Letter from VBG Capital" to the Independent Board Committee as contained in this Composite Document. Independent Shareholders should consider carefully the information contained in this letter, the letter from the Board, the letter from the Independent Board Committee, the letter from VBG Capital and the Appendices to this Composite Document and consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Haitong International Securities, for and on behalf of the Offeror, makes the Offer in compliance with the Takeovers Code and on the terms set out in this Composite Document on the following basis:

For every Offer Share . . . . HK$0.92 in cash

The Offer is unconditional in all respects.

The Offer Price is the same as the price payable by the Offeror for each Share under the Sale and Purchase Agreements.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

Value of the Offer

As at the Latest Practicable Date, there are 5,250,019,852 Shares in issue, of which 3,883,778,286 Shares (representing approximately 73.98% of the issued share capital of the Company) are held by the Offeror and parties acting in concert with it upon Completion. There are no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

On the basis of the Offer Price of HK$0.92 per Offer Share and 5,250,019,852 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at HK$4,830,018,263.84. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 1,366,241,566 Offer Shares, the value of the Offer is HK$1,256,942,240.72.

Comparisons of value

The Offer Price of HK$0.92 per Offer Share represents:

(i) a discount of approximately 9.80% to the closing price of HK$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(iii) a discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(iv) a discount of approximately 9.80% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK$1.02 per Share;

(v) a discount of approximately 7.07% to the closing price of HK$0.99 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a premium of approximately 14.14% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.806 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date;

(vii) a discount of approximately 11.71% to the unaudited consolidated net asset value per Share as at 30 June 2017 of approximately HK$1.042 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date; and

(viii) a discount of approximately 6.79% to the audited consolidated net asset value per Share as at 31 December 2017 of approximately HK$0.987 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$1.37 on 22 September 2017.

The lowest closing price per Share, based on the Share price as quoted on the Stock Exchange during the Relevant Period, was HK$0.94 on 8 January 2018.

Financial resources available for the Offer

The total consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the total consideration payable under the Offer by the facilities (the "**Facilities**") provided by Haitong International Securities which are secured by the charges over the Shares (the "**Charged Shares**") that were or will be acquired by the Offeror under the Sale and Purchase Agreements and the Offer respectively in favour of Haitong International Securities (the "**Share Charges**"). Pursuant to the terms and conditions of the Share Charges, until the occurrence of any enforcement event as stipulated under the Share Charges, the Offeror shall be entitled to exercise all voting and other rights and powers attaching to the Charged Shares, provided that it must not do so in a manner which has the effect of changing the terms of the Charged Shares or their related rights in a manner which is adverse to the interests of Haitong International Securities or is prejudicial to the interests of Haitong International Securities.

Haitong International Capital, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facilities granted by Haitong International Securities to be dependent on the business of the Group.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Effect of accepting the Offer

The Offer is unconditional in all aspects.

By accepting the Offer, the Shareholders will sell their Shares free from all Encumbrances and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, subject to the provisions of the Takeovers Code.

Overseas Shareholders

The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

Seller's *ad valorem* stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' *ad valorem* stamp duty on behalf of the accepting Independent Shareholders and pay the buyer's *ad valorem* stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it and its ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the Republic of Singapore with limited liability on 28 December 2017 and is a special purpose vehicle organised for the specific purpose of investing in the Company. The Offeror is indirectly wholly-owned by Yellowbird Special Opportunities Fund, L.P. ("**Yellowbird Fund**") with Yellowbird Capital Management (GP) Limited ("**Yellowbird Capital**") acting as its general partner holding it on Yellowbird Fund's behalf. Yellowbird Capital Management (SLP) Limited, an affiliate of Yellowbird Capital, holds 29% of the limited partnership interests in Yellowbird Fund in respect of the Offeror and none of the other limited partners*(Note)* hold over 30% limited partnership interests in Yellowbird Fund in respect of the Offeror.

Yellowbird Fund is a limited liability partnership established under the laws of the Cayman Islands and is a private equity fund managed by Yellowbird Capital that makes global investments on a deal by deal basis with special purpose vehicles. Each of the special purpose vehicle companies in Yellowbird Fund's investment portfolio is independently managed and financed with different investor bases. The Yellowbird Fund has raised capital from a number of anchor investors for the Offeror's investment. Yellowbird Capital was incorporated as a limited liability company in the Cayman Islands, which is in turn indirectly wholly-owned by Satinu Resources Group Limited, a company incorporated in the British Virgin Islands with limited liability ("**Satinu Resources**"). Satinu Resources is in turn held as to 32.21% by Peak Trust Company–NV as trustee for the benefit of a registered charitable institution named Children's Museum Limited, a company limited by guarantee incorporated in Hong Kong, which is exempt from tax under section 88 of the Inland Revenue Ordinance (Cap. 112, Laws of Hong Kong), and none of the other shareholders hold 20% or more of the entire issued share capital of Satinu Resources.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 718).

The Group is principally engaged in, among others: (i) property investment; (ii) distressed debt assets management; (iii) commodity trading; (iv) securities investment; and (v) mining and exploitation of natural resources.

Note: The other limited partners are Suen Cho Hung, Paul, Karen Lo Ki Yan and Howard Wong, each being a passive investor of the Yellowbird Fund.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The existing principal businesses of the Group include, among others, (i) property investment; (ii) distressed debt assets management; (iii) commodity trading; (iv) securities investment; and (v) mining and exploitation of natural resources. The Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the Board) or to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

The Board is currently made up of seven Directors, comprising four executive Directors, being Mr. Chen Weisong, Mr. Xu Ke, Mr. Ye Fei and Mr. Wang Qiang, and three independent non-executive Directors, being Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing.

The Offeror intends to nominate directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. As at the Latest Practicable Date, the Offeror has not decided on the future composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following closing of the Offer.

On 22 January 2018, the Offeror, Enhanced Securities Limited and Haitong International Securities have entered into a placing agreement (the "**Placing Agreement**") pursuant to which Enhanced Securities Limited and Haitong International Securities have been appointed as joint placing agents for the reasonable efforts placing of such number of Shares to be held by the Offeror upon close of the Offer in excess of 3,937,514,889 Shares (being such number of Shares representing 75% of Shares in issue), at a placing price of HK$0.92 per Share, within a period to be agreed by the Offeror, Enhanced Securities Limited and Haitong International Securities in writing, to independent third parties who are not Shareholders. Accordingly the placing arrangement contemplated under the Placing Agreement will not take effect prior to the close of the Offer and will take place only as necessary.

The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offer, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until sufficient public float exists in the Shares.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the paragraph headed "General procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders to the

Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, the Company, Haitong International Capital, Haitong International Securities, VBG Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the Appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in the "Letter from VBG Capital" contained in this Composite Document.

Yours faithfully,
For and on behalf of
Haitong International Securities Company Limited
NGAN Man Wing
Authorised Signatory

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

Executive Directors:
Mr. Chen Weisong
Mr. Xu Ke
Mr. Ye Fei
Mr. Wang Qiang

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

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Suites 1206–1209, 12th Floor
Three Pacific Place
1 Queen's Road East
Hong Kong

29 March 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF SONGBIRD SG PTE. LTD. TO ACQUIRE ALL THE ISSUED SHARES OF TAI UNITED HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SONGBIRD SG PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other matters, the Sale and Purchase Agreements and the Offer. Terms used in this letter have the same meanings as defined in this Composite Document unless the context otherwise requires.

As mentioned in the Joint Announcement, on 19 January 2018, the Offeror as purchaser entered into the following two Sale and Purchase Agreements:

(1) the 1st Sale and Purchase Agreement, pursuant to which TAI Capital agreed to sell and the Offeror agreed to purchase the Sale Shares, being 1,228,349,064 Shares, representing approximately 23.40% of the entire issued share capital of the Company as at the Latest Practicable Date, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$1,130,081,138.88; and

(2) the 2nd Sale and Purchase Agreement, pursuant to which Chua Lee Holdings agreed to sell and the Offeror agreed to purchase the Tai He Shares, being 100 shares of Tai He and representing 100% of the entire issued share capital of Tai He, which in turn holds 2,655,429,222 Shares, representing approximately 50.58% of the entire issued share capital of the Company as at the Latest Practicable Date, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$2,442,994,884.24.

The consideration for the Sale Shares and the Tai He Shares, is HK$1,130,081,138.88 and HK$2,442,994,884.24 respectively, which is equivalent to HK$0.92 per Share.

The Completion took place on 25 January 2018 in accordance with the terms and provisions of the Sale and Purchase Agreements. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in, and controlled the voting rights in respect of, an aggregate of 3,883,778,286 Shares, representing approximately 73.98% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror and the parties acting in concert with it are required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Haitong International Securities, for and on behalf of the Offeror, is now making the Offer on the terms as set out in this Composite Document in compliance with the Takeovers Code.

Details of the Offer are set out in the "Letter from Haitong International Securities" and Appendix I to this Composite Document and the Form of Acceptance.

This letter forms part of this Composite Document, together with the Form of Acceptance, which, among other matters, provides you with information relating to the Group and the Offeror, the Offer (including the expected timetable and terms of the Offer), the letter from the Board, the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISERS

Pursuant to Rules 2.1 and 2.8 of the Takeovers Code, on 25 January 2018, the Board has established the Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing, to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, on 1 February 2018, VBG Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The letter of advice from Independent Financial Adviser addressed to the Independent Board Committee is set out on pages 25 to 42 of this Composite Document.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from VBG Capital" and the additional information contained in the Appendices to this Composite Document carefully before taking any action in respect of the Offer.

THE OFFER

As mentioned in the "Letter from Haitong International Securities" as set out in this Composite Document, Haitong International Securities, for and on behalf of the Offeror, is making the Offer on the following basis:

For every Offer Share . . . . HK$0.92 in cash

The Offer Price of HK$0.92 for each Offer Share is same as the price paid by the Offeror for each Share under the Sale and Purchase Agreements.

On the basis of 5,250,019,852 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at HK$4,830,018,263.84. As at the Latest Practicable Date, the Company did not have any outstanding options, warrants, derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are convertible or exchangeable into Shares. As at the Latest Practicable Date, 3,883,778,286 Shares were held by the Offeror and parties acting in concert with it, and the remaining 1,366,241,566 Shares will be subject to the Offer. Assuming that there is no change in the number of issued Shares from the Latest Practicable Date up to the close of the Offer, based on the Offer Price, the maximum amount of cash payable by the Offeror in respect of the Offer would be HK$1,256,942,240.72.

The Offer is unconditional in all respects. The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the

Offer shall be fully paid and free from all Encumbrances and together with all rights now and thereafter attached thereto, including all rights any dividend or other distribution paid, made or declared on or after the date on which the Offer is made, being the date of the despatch of this Composite Document.

Comparison of value

The Offer Price of HK$0.92 per Offer Share represents:

(i) a discount of approximately 9.80% to the closing price of HK$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(iii) a discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(iv) discount of approximately 9.80% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK$1.02 per Share;

(v) a premium of approximately 14.14% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.806 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date;

(vi) a discount of approximately 11.71% to the unaudited consolidated net asset value per Share as at 30 June 2017 of approximately HK$1.042 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date;

(vii) a discount of approximately 7.07% to the audited consolidated net asset value per Share as at 31 December 2017 of approximately HK$0.99 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date; and

(viii) a discount of approximately 6.79% to the closing price of HK$0.987 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$1.37 per Share on 22 September 2017 and HK$0.94 per Share on 8 January 2018 respectively.

Further details of the Offer

Further details of the Offer including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the "Letter from Haitong International Securities" as set out in this Composite Document, Appendix I to this Composite Document and the Form of Acceptance.

INFORMATION ON THE GROUP

The Company is incorporated in Bermuda with limited liability and is listed on the Main Board of the Stock Exchange (stock code: 718).

The Group is principally engaged in, among others: (i) property investment; (ii) distressed debt assets management; (iii) commodity trading; (iv) securities investment; and (v) mining and exploitation of natural resources.

Pursuant to a resolution of the Board passed on 8 December 2016, the financial year end date of the Company has been changed from 31 March to 31 December to align it with the financial year end date of the Company's principal operating subsidiaries incorporated in the PRC which accounts are statutorily required to be prepared with a financial year end date of 31 December and thereby facilitate the preparation of the consolidated financial statements of the Group. The following table is a summary of certain audited consolidated financial information of the Company for the two years ended 31 March 2015 and 2016, the nine months ended 31 December 2016 and the year ended 31 December 2017 respectively.

	For the year ended 31 December 2017	**For the nine months ended 31 December 2016**	**For the year ended 31 March 2016**	**For the year ended 31 March 2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	11,243,596	8,102,730	1,121,247	7,632
Profit/(Loss) before taxation	349,705	207,965	(158,782)	(74,746)
Profit/(Loss) after taxation	312,091	41,107	(116,074)	(58,267)

	As at 31 December 2017	**As at 31 December 2016**	**As at 31 March 2016**	**As at 31 March 2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net assets	5,183,006	4,232,230	857,910	625,813

Your attention is drawn to Appendices II and IV to this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Completion and (ii) immediately upon Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		**Immediately upon Completion and as at the Latest Practicable Date**	
	Number of Shares held	*Approximate %*	*Number of Shares held*	*Approximate %*
Chua Lee Holdings *(Note 1)*	3,883,778,286	73.98	–	–
The Offeror and parties acting in concert with it *(Note 2)*	–	–	3,883,778,286	73.98
Mr. Ye Fei *(Note 3)*	280,000	0.01	280,000	0.01
Public Shareholders	1,365,961,566	26.02	1,365,961,566	26.02
Total	5,250,019,852	100.00	5,250,019,852	100.00

Notes:

1. Immediately before Completion, each of Tai He and TAI Capital were wholly owned by Chua Lee Holdings. As such, Chua Lee Holdings was interested in the 2,655,429,222 Shares and the 1,228,349,064 Sale Shares respectively held by Tai He and TAI Capital.

2. Immediately after Completion and before the Offer, Tai He is wholly owned by the Offeror. As such, the Offeror is interested in the 1,228,349,064 Sale Shares and the 2,655,429,222 Shares held by Tai He.

3. These Shares are held by the spouse of Mr. Ye Fei, an executive Director.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “Intention of the Offeror regarding the Group” in the “Letter from Haitong International Securities” for detailed information on the Offeror’s intention on the business and management of the Group. The Board is aware of the intentions of the Offeror regarding the Group and its employees and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and its Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY AND PUBLIC FLOAT

The Stock Exchange has stated that if at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares.

The Board noted from the "Letter from Haitong International Securities" that the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Board noted that the directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following closing of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 22 to 23 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Offer; and (ii) the "Letter from VBG Capital" on pages 25 to 42 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

On 22 January 2018, the Offeror, Enhanced Securities Limited and Haitong International Securities have entered into a placing agreement (the "**Placing Agreement**") pursuant to which Enhanced Securities Limited and Haitong International Securities have been appointed as joint placing agents for the reasonable efforts placing of such number of Shares to be held by the Offeror upon close of the Offer in excess of 3,937,514,889 Shares (being such number of Shares representing 75% of Shares in issue), at a placing price of HK$0.92 per Share, within a period to be agreed by the Offeror, Enhanced Securities Limited and Haitong International Securities in writing, to independent third parties who are not Shareholders. Accordingly the placing arrangement contemplated under the Placing Agreement will not take effect prior to the close of the Offer and will take place only as necessary.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the Appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully
For and on behalf of the Board
Tai United Holdings Limited
Chen Weisong
Chief Executive Officer

太和控股有限公司
TAI UNITED HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 718)

29 March 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF SONGBIRD SG PTE. LTD. TO ACQUIRE ALL THE ISSUED SHARES OF TAI UNITED HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SONGBIRD SG PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the composite document dated 29 March 2018 ("**Composite Document**") jointly issued by the Company and the Offeror of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and to make recommendation in respect of acceptance of the Offer. VBG Capital has been appointed as the Independent Financial Adviser to make recommendation to us in respect of the terms of the Offer and, in particular, whether the Offer is fair and reasonable and to make recommendation in respect of the acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the "Letter from VBG Capital" on pages 25 to 42 of the Composite Document. We also wish to draw your attention to the "Letter from the Board", the "Letter from Haitong International Securities" and the additional information set out in the Appendices to the Composite Document.

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendation as set out in the "Letter from VBG Capital", we concur with the view of Independent Financial Adviser and consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders to accept the Offer.

However, Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

The Independent Shareholders are recommended to read the full text of the "Letter from VBG Capital" on pages 25 to 42 of the Composite Document. In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully
For and on behalf of
Independent Board Committee
Tai United Holdings Limited
Dr. Gao Bin **Ms. Liu Yan** **Mr. Tang King Shing**
Independent Non-executive Directors

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.

建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

29 March 2018

To: The independent board committee of Tai United Holdings Limited

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF SONGBIRD SG PTE. LTD.
TO ACQUIRE ALL THE ISSUED SHARES OF
TAI UNITED HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY SONGBIRD SG PTE. LTD.
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are contained in the Composite Document dated 29 March 2018 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 19 January 2018, the Offeror as purchaser entered into the following two Sale and Purchase Agreements:

(1) the 1st Sale and Purchase Agreement, pursuant to which TAI Capital agreed to sell and the Offeror agreed to purchase the Sale Shares, being 1,228,349,064 Shares, representing approximately 23.40% of the entire issued share capital of the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$1,130,081,138.88; and

(2) the 2nd Sale and Purchase Agreement, pursuant to which Chua Lee Holdings agreed to sell and the Offeror agreed to purchase the Tai He Shares, being 100 shares of Tai He and representing 100% of the entire issued share capital of Tai He, which in turn holds

2,655,429,222 Shares, representing approximately 50.58% of the entire issued share capital of the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$2,442,994,884.24.

The Sale Shares and the Shares held by Tai He represent approximately 73.98% of the entire issued share capital of the Company. All conditions precedent to the Sale and Purchase Agreements were satisfied and the Completion took place on 25 January 2018. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 3,883,778,286 Shares, representing approximately 73.98% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Haitong International Securities is now making the Offer, which is unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror.

An Independent Board Committee comprising Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of VBG Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from having acted as the independent financial adviser of the Company relating to (i) a discloseable and connected transaction in relation to the acquisition of a target company which a circular dated 10 February 2017 was issued; and (ii) the existing engagement in connection with the Offer, we did not have any significant connection, business, financial or otherwise, with the Company and/or the Offeror within the two years prior to the commencement of the Offer Period. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates and parties acting in concert. We consider ourselves independent to form our opinion in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the management of the Group. We have assumed that all information and representations that have been provided by the management of the Group, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company and/or its advisers, which have been provided to us. Our opinion is based on the management of the Group's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group and the Sellers), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

All directors of Yellowbird Capital Management (GP) Limited ("**Yellowbird Capital**") jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Group and the Sellers), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror, the Sellers, Yellowbird Capital, Satinu Resources Group Limited ("**Satinu Resources**"), Tai He or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter of advice).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

Should there be any material changes to the information affecting our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in compliance with Rule 9.1 of the Takeovers Code.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offer

On 19 January 2018, the Offeror as purchaser entered into the following two Sale and Purchase Agreements:

(1) the 1st Sale and Purchase Agreement, pursuant to which TAI Capital agreed to sell and the Offeror agreed to purchase the Sale Shares, being 1,228,349,064 Shares, representing approximately 23.40% of the entire issued share capital of

the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$1,130,081,138.88; and

(2) the 2nd Sale and Purchase Agreement, pursuant to which Chua Lee Holdings agreed to sell and the Offeror agreed to purchase the Tai He Shares, being 100 shares of Tai He and representing 100% of the entire issued share capital of Tai He, which in turn holds 2,655,429,222 Shares, representing approximately 50.58% of the entire issued share capital of the Company, free from all Encumbrances and together with all rights and benefits attaching to them at Completion and thereafter, at the consideration of HK$2,442,994,884.24.

The Sale Shares and the Shares held by Tai He represent approximately 73.98% of the entire issued share capital of the Company. All conditions precedent to the Sale and Purchase Agreements were satisfied and the Completion took place on 25 January 2018. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 3,883,778,286 Shares, representing approximately 73.98% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Haitong International Securities is now making the Offer, which is unconditional in all respects pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror, on the terms set out in the Composite Document in compliance with the Takeovers Code on the following basis:

For every Offer Share . . . . HK$0.92 in cash

As at the Latest Practicable Date, there were 5,250,019,852 Shares in issue, of which 3,883,778,286 Shares (representing approximately 73.98% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it. There are no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares. The Offeror confirms that, as at the Latest Practicable Date, save for the Sale Shares and the Tai He Shares held by the Offeror, none of the Offeror or parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares.

Principal terms of the Offer are summarised in the "Letter from Haitong International Securities" of and Appendix I to the Composite Document.

(2) Financial information on the Group

The Group was principally engaged in trading of medical equipment and commodities and mining of tungsten in Mongolia. During the financial year ended 31 March 2016, the Group acquired a group of companies which are principally engaged in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the SFO, and the money lending business (collectively, the "**Licensed Corporations**"). Later on in 2016, the Group has further penetrated into the distressed debt asset management business and the property investment business. Accordingly, the Company has been transformed to a non-bank financial institution. With effect from 4 September 2017, the classification of industry of the Company under the Hang Seng Index Classification System has also changed from the sub-category of Specialty Chemicals under Materials to the sub-category of Investment & Asset Management under Financial Industry. Nevertheless, in January 2018, the Group disposed of its 67% equity interest in a wholly-owned subsidiary which holds the entire issued share capital of each of the Licensed Corporations (the "**Disposal**"). Thereafter, the Group has ceased to engage in the businesses of those Licensed Corporations.

The Board announced on 8 December 2016 that the Company changed its financial year end date from 31 March to 31 December. Set out below is a summary of the audited consolidated financial information on the Group for the year ended 31 December 2017, the nine months ended 31 December 2016 and the financial year ended 31 March 2016 as extracted from the annual results announcement of the Company for the year ended 31 December 2017 (the "**2017 Annual Results Announcement**") and the annual report of the Company for the nine months ended 31 December 2016 (the "**2016 Annual Report**"), respectively:

	For the year ended 31 December 2017	For the nine months ended 31 December 2016	For the financial year ended 31 March 2016
	HK$'000	*HK$'000*	*HK$'000*
Revenue	11,243,596	8,102,730	1,121,247
– Financial services	237,270	7,985	–
– Securities investment	157,049	53,308	72,391
– Commodity trading	10,617,360	7,867,255	1,035,508
– Property investment	129,689	2,263	–
– Distressed debt asset management	80,601	150,068	–
– Mining and exploitation of natural resources	–	–	–
– Other (being mainly the sales of medical equipment and other general goods)	21,627	21,851	13,348
Profit/(Loss) for the year	312,091	41,107	(116,074)

As depicted by the above table, the Group's total revenue increased substantially by approximately 622.65% from approximately HK$1,121.2 million for the financial year ended 31 March 2016 to approximately HK$8,102.7 million for the nine months ended 31 December 2016, attributable mainly to the expansion in revenue of the commodity trading segment, which accounted for over 90% of the Group's total revenue. The commodity trading segment continued the expansion momentum for the year ended 31 December 2017.

At the same time, among the new businesses (being the financial services, securities investment, distressed debt asset management and property investment businesses) which the Group has expanded into since the financial year ended 31 March 2016, financial services and securities investment have become the second and third largest business segment of the Group for the year ended 31 December 2017 in terms of revenue contribution. However, as the Group has ceased to engage in the businesses of the Licensed Corporations following completion of the Disposal, the revenue which the Group will derive from the financial services segment may be affected in the future.

As we noted from the 2017 Annual Results Announcement, notwithstanding the significant revenue contribution from commodity trading, the commodity trading segment recorded segment loss of approximately HK$11.6 million and relatively minimal segment profit of approximately HK$33.2 million respectively for the nine months ended 31 December 2016 and the year ended 31 December 2017. Whereas for the financial services segment, the Group recorded segment profit of approximately HK$4.7 million and HK$85.5 million for the nine months ended 31 December 2016 and the year ended 31 December 2017 respectively; and for the securities investment segment, the Group recorded segment profit of approximately HK$6.8 million and HK$117.2 million for the nine months ended 31 December 2016 and the year ended 31 December 2017 respectively.

The Group's net profit for the year ended 31 December 2017 increased by approximately 659.22% from approximately HK$41.1 million for the nine months ended 31 December 2016 to approximately HK$312.1 million for the year ended 31 December 2017. We noted from the segment information of the 2017 Annual Results Announcement that such considerable increase in profit was mainly due to (i) the better performance of the commodity trading, financial services and securities investment businesses as compared to the year ended 31 December 2016; and (ii) the positive change in fair value of the investment properties held by the Group. In this relation, on one hand, the positive change in fair value of investment properties is one-off in nature, and the Group's future revenue from the financial services segment may also be affected due to the Disposal. On the other hand, as being demonstrated in the below section, the prospects of the Group's commodity trading and securities investment businesses are uncertain. As a result, the considerable increase in profit of the Group for the year ended 31 December 2017 may not sustain in future.

(3) Industry overview

As concluded under the above sub-section, as at the Latest Practicable Date, the two largest continuing businesses of the Group were commodity trading and securities investment.

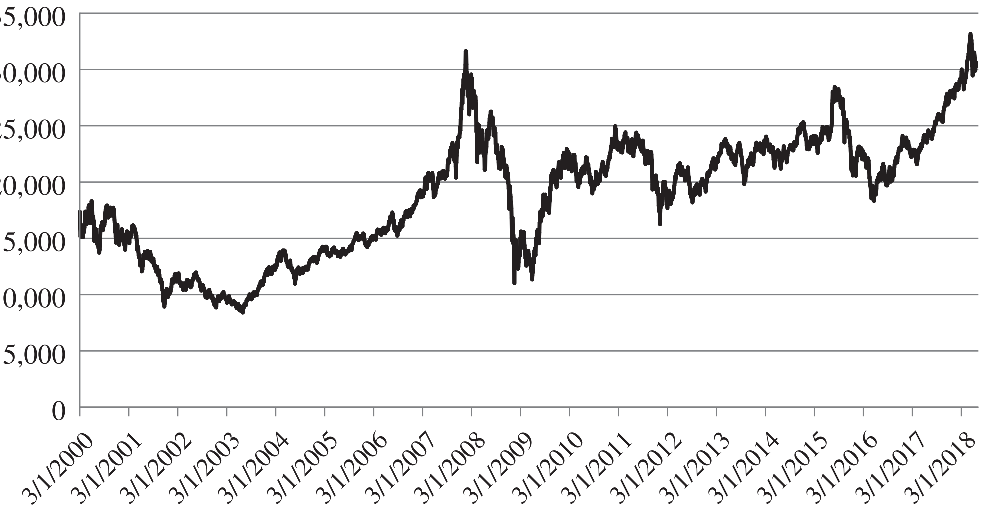
Commodity trading

Commodity trading refers to the trading of pro-chemical products and metal related products in Singapore. As represented by the Directors, the performance of such business depends largely on the market prices of bulk commodities such as petroleum, natural gas, coal, copper and aluminium. In 2017, driven by factors like the PRC's supply-side reform, real estate market expansion, expectation of the United States' booming infrastructure construction, the prices of bulk commodities increased leading to the relatively better performance of the Group's commodity trading business. Despite the aforesaid, we noted that historically the market prices of different bulk commodities have fluctuated substantially. Take aluminium as an example, from 2013 to 2017, the international price of aluminium fluctuated from the lowest of around US$1,500 per metric tonne to the highest of around US$2,200 per metric tonne. The high volatility of the bulk commodities prices have affected the past performance of the commodity trading business of the Group. As illustrated under the sub-section headed “Financial information on the Group” of this letter of advice, this business has either been loss making or recording relatively minimal profit since the financial year ended 31 March 2016. With the above being the case, the future profitability of the Group’s commodity trading business remains uncertain.

Securities investment

From the beginning of 2016 till now, the Hong Kong stock market went up. The Hang Seng Index (“**HSI**”) ended 2017 at 29,919.15, representing a year-on-year increase of approximately 36.0%. Ever since the previous peak of 31,638.22 on 30 October 2007, the HSI has advanced to a new record high from 16 January 2018 onwards. As illustrated from the chart below which shows the HSI’s performance from 2000 up to the Latest Practicable Date, the current HSI is at a historical high. With reference to the Half-Yearly Monetary and Financial Stability Report released by the Hong Kong Monetary Authority in September 2017, the SKEW Index (also known as the “Black Swan Index”, a measure of the tail risk for the United States market) remained well above its long-term historical average, suggesting that downside protection was in high demand. This, in turn, implies that a tangible possibility of a black swan event has been priced into the United States market. Should a shock occur, the spill over to the local market could be substantial given Hong Kong’s high degree of openness. Looking ahead, the local stock market is expected to remain susceptible to external market conditions. In particular, in view of the SKEW index for the United States, the tail risk is high for all stock markets, including Hong Kong. In simple language, as the SKEW Index is a measure of potential risk in financial markets and it remained high, the possibility of occurrence of any extremely unpredictable event in the United States market is likely to be high, which in turn would adversely affect the Hong Kong stock market. With this being the case together with the fact that the HSI has already advanced to a new record high ever since October 2007, the existing positive market sentiment of the Hong Kong stock market may not sustain in the long run.

Movement of the HSI from 2000 up to the Latest Practicable Date



Based on the above results of our independent research, we are of the view that there is no guarantee that the future financial performance of the Group will continue to benefit from the securities investment business given that the existing positive market sentiment of the Hong Kong stock market may not sustain in the long run.

(4) Information on the Offeror

Set out below is the information on the Offeror as extracted from the "Letter from Haitong International Securities" of the Composite Document:

The Offeror is an investment holding company incorporated in the Republic of Singapore with limited liability on 28 December 2017 and is a special purpose vehicle organised for the specific purpose of investing in the Company. The Offeror is indirectly wholly-owned by Yellowbird Special Opportunities Fund, L.P. ("**Yellowbird Fund**") with Yellowbird Capital acting as its general partner holding it on Yellowbird Fund's behalf. Yellowbird Capital Management (SLP) Limited, an affiliate of Yellowbird Capital, holds 29% of the limited partnership interests in Yellowbird Fund in respect of the Offeror and none of the other limited partners hold over 30% limited partnership interests in Yellowbird Fund in respect of the Offeror.

Yellowbird Fund is a limited liability partnership established under the laws of the Cayman Islands and is a private equity fund managed by Yellowbird Capital that makes global investments principally in real estate, manufacturing and technology businesses on a deal by deal basis with special purpose vehicles. Each of the special purpose vehicle companies in Yellowbird Fund's investment portfolio is independently managed and financed with different investor bases. The Yellowbird Fund has raised capital from a number of anchor investors for the Offeror's investment. Yellowbird Capital was incorporated as a limited liability company in the Cayman Islands, which is in turn indirectly wholly-owned by Satinu Resources. Satinu Resources is in turn held as to 32.21% by Peak Trust Company – NV as trustee for the benefit of a registered charitable institution named Children's Museum Limited, a company limited by guarantee incorporated in Hong Kong, which is exempt from tax under section 88 of the Inland

Revenue Ordinance (Cap. 112, Laws of Hong Kong), and none of the other shareholders hold 20% or more of the entire issued share capital of Satinu Resources.

(5) Intention of the Offeror regarding the Group

The following information is extracted from the "Letter from Haitong International Securities" of the Composite Document:

Operational matters, employees and senior management

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The existing principal businesses of the Group include, amongst others (i) property investment; (ii) distressed debt asset management; (iii) commodity trading; (iv) securities investment; and (v) mining and exploitation of natural resources. The Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror had no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the Board as being mentioned under the paragraph headed "Proposed change of Board composition" below) or to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Proposed change of Board composition

The Board is currently made up of seven Directors, comprising four executive Directors, being Mr. Chen Weisong, Mr. Xu Ke, Mr. Ye Fei and Mr. Wang Qiang, and three independent non-executive Directors, being Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing. The Offeror intends to nominate directors with the relevant expertise in managing the existing principal business of the Group to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. As at the Latest Practicable Date, the Offeror had not decided on the future composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules.

(6) Maintaining the listing status of the Company

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following closing of the Offer.

On 22 January 2018, the Offeror, Enhanced Securities Limited and Haitong International Securities have entered into a placing agreement (the "**Placing Agreement**") pursuant to which Enhanced Securities Limited and Haitong International Securities have been appointed as joint placing agents for the reasonable efforts placing of such number of Shares to be held by the Offeror upon close of the Offer in excess of 3,937,514,889 Shares (being such number of Shares representing 75% of Shares in issue), at a placing price of HK$0.92 per Share, within a period to be agreed by the Offeror, Enhanced Securities Limited and Haitong International Securities in writing, to independent third parties who are not Shareholders. Accordingly the placing arrangement contemplated under the Placing Agreement will not take effect prior to the close of the Offer and will take place only as necessary.

(7) The Offer Price

The Offer Price of HK$0.92 per Offer Share represents:

(i) a discount of approximately 7.07% to the closing price of HK$0.99 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(ii) a discount of approximately 9.80% to the closing price of HK$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(iv) a discount of approximately 8.00% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK$1.00 per Share;

(v) a discount of approximately 9.80% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK$1.02 per Share;

(vi) a discount of approximately 6.79% to the audited consolidated net asset value per Share as at 31 December 2017 of approximately HK$0.987 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 14.14% over the audited consolidated net asset value per Share as at 31 December 2016 of approximately HK$0.806 per Share based on 5,250,019,852 Shares in issue as at the Latest Practicable Date.

Historical price performance of the Shares

The highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each month during the period commencing from 1 January 2017 up to and including the Latest Practicable Date (the "**Review Period**") are shown as follows:

Month	Highest closing price *(HK$)*	Lowest closing price *(HK$)*	Average daily closing price *(HK$)*	No. of trading days in each month
2017				
January	1.80	1.29	1.60	19
February	1.80	1.40	1.57	20
March	1.50	1.24	1.38	23
April	1.26	1.18	1.22	17
May	1.40	1.18	1.27	20
June	1.36	1.20	1.28	22
July	1.32	1.12	1.25	21
August	1.32	1.14	1.20	22
September	1.37	1.22	1.27	21
October	1.35	1.29	1.32	20
November	1.28	1.05	1.17	22
December	1.07	0.99	1.04	19
2018				
1 January to 19 January (being the Last Trading Day) *(Note)*	1.03	0.94	1.00	14
26 January to 31 January	1.26	1.00	1.09	4
February	1.14	0.96	1.03	18
March (up to and including the Latest Practicable Date)	1.03	0.98	1.00	18

Source: the Stock Exchange website (www.hkex.com.hk)

Note: Trading in the Shares was halted from 22 January 2018 to 25 January 2018 (both dates inclusive) pending the release of the Joint Announcement.

As demonstrated by the above table, despite that the Offer Price was below the historical closing prices of the Shares during the Review Period, the historical closing prices of the Shares had been following an overall downward moving trend for the period from 1 January 2017 to the Last Trading Day (the "**Historical Period**"). The Share price was the highest on 18 January 2017 and 2 February 2017 at HK$1.80 per Share but decreased gradually to the trough of HK$0.94 per Share on 8 January 2018. After the publication of the Joint Announcement and till the Latest Practicable Date, the closing prices of the Shares surged to the highest of HK$1.26 per Share on 31 January 2018 and fluctuated above the Offer Price afterwards. As confirmed by the Directors, the Company was not aware of any events which would have led to such surge in Share price save for the announcement of the Offer. The Directors are thus of the view that the aforesaid surge in Share price after the publication of the Joint Announcement may serve as a proof for the positive market perception towards the Offer.

At the same time, we noted that the Company was included as a constituent of the MSCI Hong Kong Small Cap Index with effect from June 2017. With effect from 4 September 2017, the Company was also included as a constituent of Hang Seng Global Composite Index and Hang Seng Composite SmallCap Index and admitted in the List of Eligible Securities for Southbound Trading under Shenzhen Connect, (altogether, the "**Milestone Events**"). Nevertheless, the historical price performance and trading liquidity (please refer to the paragraph headed "Historical trading liquidity of the Shares" below for description regarding the historical trading liquidity of the Shares) of the Shares during the Review Period seem to suggest that the public investors' perception on the Company and the Shares have been unaffected by these Milestone Events. Moreover, whilst the HSI rose by approximately 36.0% in 2017 as compared to the prior year, the Share price has been decreasing and thus significantly underperformed the market.

Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the public as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	**No. of trading days in each month**	**Average daily trading volume (the "Average Volume")**	**% of the Average Volume to total number of issued Shares held by the public as at the Latest Practicable Date** *(Note 2)*	**% of the Average Volume to total number of issued Shares as at the Latest Practicable Date** *(Note 3)*
		Number of Shares	%	%
2017				
January	19	13,362,629	0.978	0.255
February	20	8,268,777	0.605	0.157
March	23	1,948,765	0.143	0.037
April	17	729,979	0.053	0.014
May	20	2,523,341	0.185	0.048
June	22	840,313	0.062	0.016
July	21	2,581,362	0.189	0.049
August	22	2,029,895	0.149	0.039
September	21	4,088,093	0.299	0.078
October	20	3,648,176	0.267	0.069
November	22	2,430,520	0.178	0.046
December	19	2,182,847	0.160	0.042
2018				
1 January to 19 January (being the Last Trading Day) *(Note 1)*	14	3,645,357	0.267	0.069
26 January to 31 January	4	47,365,250	3.468	0.902
February	18	7,800,173	0.571	0.149
March (up to and including the Latest Practicable Date)	18	3,351,967	0.245	0.064

Source: the Stock Exchange website (www.hkex.com.hk)

Notes:

1. Trading in the Shares was halted from 22 January 2018 to 25 January 2018 (both dates inclusive) pending the release of the Joint Announcement.

2. Based on 1,365,961,566 Shares held by the public as at the Latest Practicable Date.

3. Based on 5,250,019,852 Shares in issue as at the Latest Practicable Date.

We noted from the above table that trading in the Shares had been very thin during the Review Period, especially during the Historical Period. Given that the Shares are highly illiquid, the disposal of large block of Shares held by the Shareholders in the open market would likely to trigger price slump of the Shares.

In light of the fact that:

(i) the historical closing prices of the Shares had been following an overall downward moving trend during the Historical Period;

(ii) the historical price performance and trading liquidity of the Shares during the Review Period seem to suggest that the public investors' perception on the Company and the Shares have been unaffected by the Milestone Events;

(iii) whilst the HSI rose by approximately 36.0% in 2017 as compared to the prior year, the Share price has been decreasing and thus significantly underperformed the market; and

(iv) trading in the Shares had been very thin during the Review Period. Given that the Shares are highly illiquid, the disposal of large block of Shares held by the Shareholders in the open market would likely to trigger price slump of the Shares,

there is no guarantee that the slight surge in Share price after the publication of the Joint Announcement as highlighted under the paragraph headed "Historical price performance of the Shares" of this letter of advice will sustain and the Independent Shareholders will be able to realise their investments in the Shares (especially those with relatively sizeable shareholdings) at a price higher than the Offer Price. We, therefore, consider that the Offer Price is fair and reasonable and the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

Nonetheless, if any Independent Shareholders who would like to realise their investments in the Shares are able to identify potential purchaser(s) to acquire for their Shares at a price higher than the Offer Price, those Independent Shareholders may consider not accepting the Offer but selling their Shares to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares to such potential purchaser(s) would exceed the net amount receivable under the Offer.

Furthermore, those Independent Shareholders who, after reading through the Composite Document and this letter of advice, in particular the financial information on the Group, the information on the Offeror and the future intentions of the Offeror regarding the Company, are optimistic about the future prospects of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares. Accordingly, the Independent Shareholders should carefully consider the relevant risks and uncertainties based on their risk preference and tolerance level.

Comparison with net asset value

For Shareholders' reference only, the Offer Price represents a discount of approximately 6.79% to the audited consolidated net asset value per Share as at 31 December 2017 but a premium of approximately 14.14% over the audited consolidated net asset value per Share as at 31 December 2016, producing non-conclusive results.

Comparison with other comparable companies

We have attempted the adoption of price multiples analysis to further assess the fairness and reasonableness of the Offer Price. In light of that the Group derived over 90% of its revenue from the commodity trading business, it is logical that we should compare the Company with other listed companies in Hong Kong which are also principally engaged in commodity trading. Nevertheless, we noted that notwithstanding the significant revenue contribution from commodity trading, this business segment recorded segment loss for the nine months ended 31 December 2016 and relatively minimal segment profit for the year ended 31 December 2017. As such, using the commodity trading comparables may be inappropriate given the mismatch of the main revenue generating business segment and the main source of profit of the Group. Furthermore, given that the net asset value of the Group consists mainly of investment properties as well as held for trading investments whose values are highly affected by market fluctuations, we consider that the price to book analysis is therefore not meaningful.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

(i) as discussed under the sub-section headed "Financial information on the Group" of this letter of advice, notwithstanding the significant revenue contribution from commodity trading, the commodity trading segment recorded segment loss of approximately HK$11.6 million and relatively minimal segment profit of approximately HK$33.2 million respectively for the nine months ended 31 December

2016 and the year ended 31 December 2017. Based on the fact that the performance of the commodity trading business of the Group depends largely on the market prices of bulk commodities, which have fluctuated substantially in the past, the future profitability of the commodity trading business remains uncertain;

(ii) as illustrated under the sub-sections headed "Financial information on the Group" and "Industry overview" of this letter of advice, securities investment has become the third largest business segment of the Group in terms of revenue contribution but there is no guarantee that the future financial performance of the Group will continue to benefit from this business segment given that the existing positive market sentiment of the Hong Kong stock market may not sustain in the long run;

(iii) as mentioned under the sub-section headed "Financial information on the Group" of this letter of advice, the Group has ceased to engage in the businesses of the Licensed Corporations following completion of the Disposal in January 2018, thus the revenue which the Group will derive from the financial services segment may be affected in the future;

(iv) the Group's considerable increase in profit for the year ended 31 December 2017 as compared to the prior year may not be able to sustain given (a) one-off nature of the positive change in fair value of investment properties of the Group; (b) the Group's future revenue from the financial services segment may be affected due to the Disposal; and (c) the prospects of the Group's commodity trading and securities investment businesses are uncertain;

(v) despite that the Offer Price was below the historical closing prices of the Shares during the Review Period, the historical closing prices of the Shares had been following an overall downward moving trend during the Historical Period;

(vi) the historical price performance and thin trading liquidity of the Shares during the Review Period seem to suggest that the public investors' perception on the Company and the Shares have been unaffected by the Milestone Events;

(vii) whilst the HSI rose by approximately 36.0% in 2017 as compared to the prior year, the Share price has been decreasing and thus significantly underperformed the market;

(viii) the disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares as a result of the thin trading volume of the Shares; and

(ix) for Shareholders' reference only, the Offer Price represents a discount of approximately 6.79% to the audited consolidated net asset value per Share as at 31 December 2017 but a premium of approximately 14.14% over the audited consolidated net asset value per Share as at 31 December 2016, producing non-conclusive results, we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

However, we would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.

Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions of the Offeror regarding the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer. Further terms and conditions of the Offer are set out in the "Letter from Haitong International Securities" of and Appendix I to the Composite Document.

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Director

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

The Offer

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Tai United Holdings Limited – General Offer" to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar).

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Haitong International Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(g) Seller's *ad valorem* stamp duty for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to such Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's *ad valorem* stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's *ad valorem* stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

(h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance, and the Offer will be closed on the Closing Date.

(b) The Offeror and the Company will jointly issue an announcement in accordance with the Listing Rules through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.

(c) In the event that the Offeror decides to extend the Offer, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

(d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

(e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

3. ANNOUNCEMENT

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement in accordance with the requirements of Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended or revised.

Such announcement must state the following:

(i) the total number of Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with any of them before the Offer Period;

(iii) the total number of Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with any of them during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with any of them has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and

(v) the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.irasia.com/listco/hk/taiunited/index.htm).

4. NOMINEE REGISTRATION

To ensure equality of treatment to all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcement" in this Appendix I, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders who have tendered acceptance to the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

6. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholder in respect of the Shares tendered under the Offer (less seller's *ad valorem* stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days from the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's *ad valorem* stamp duty, as the case may be) set out in this Composite Document (including this Appendix I) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

7. OVERSEAS SHAREHOLDERS

The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

8. HONG KONG STAMP DUTY AND TAX IMPLICATIONS

Seller's *ad valorem* stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' *ad valorem* stamp duty on behalf of accepting Shareholders and pay the buyer's *ad valorem* stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, Haitong International Capital, Haitong International Securities and VBG Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

(a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Company, Haitong International Capital, Haitong International Securities and VBG Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.

(b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Haitong International Securities that the Shares tendered under the Offer (together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by the Company on or after the date of this Composite Document), are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature.

(c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

(d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.

(e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

(f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(g) Due execution of Form of Acceptance will constitute an authority to the Offeror and/or Haitong International Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

(h) The Offer is made in accordance with the Takeovers Code.

(i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

(j) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text.

1. FINANCIAL INFORMATION

Financial summary for the year ended 31 December 2017, the nine months ended 31 December 2016 and the two years ended 31 March 2015 and 2016

Set out below is a summary of the audited consolidated financial information of the Group for the two years ended 31 March 2015 and 2016, for the nine months ended 31 December 2016 and for the year ended 31 December 2017 as extracted from the annual report of the Company for the two years ended 31 March 2015 and 2016, the annual report of the Company for the nine months ended 31 December 2016 and the results announcement of the Company for the year ended 31 December 2017 respectively:

	For the year ended 31 December	For the nine months ended 31 December	For the year ended 31 March	
	2017	**2016**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	11,243,596	8,102,730	1,121,247	7,632
Profit/(loss) before taxation	349,705	207,965	(158,782)	(74,746)
Income tax (expense)/credit	(37,614)	(166,858)	42,708	16,479
Profit/(loss) for the period	312,091	41,107	(116,074)	(58,267)
Profit/(loss) attributable to owners of the Company	312,096	41,263	(116,204)	(58,027)
Profit/(loss) attributable to non-controlling interests	(5)	(156)	130	(240)
Dividends	(95,025) *(Note)*	–	–	–
Earnings/(loss) per share – Basic and diluted *(HK cents)*	6.06	1.94	(8.56) (restated)	(5.20) (restated)

Note: Being dividends of the Company recognised as distribution during the interim period for the six months ended 30 June 2017, representing HK1.81 cents per Share.

The Group has no exceptional items (because of size, nature or incidence) in respect of the consolidated financial results of the Group for each of the aforesaid period. Deloitte Touche Tohmatsu, the auditor of the Company, did not issue any qualified opinion on the financial statements of the Group for the nine months ended 31 December 2016 and the year ended 31 December 2017. BDO Limited, former auditor of the Company, did not issue any qualified opinion on the financial statements of the Group for the two years ended 31 March 2015 and 2016.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

A. For the year ended 31 December 2017

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2017 as extracted from the results announcement of the Company for the year ended 31 December 2017:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2017

	NOTES	Year ended 31 December 2017 HK$'000	Nine months ended 31 December 2016 HK$'000
Revenue	4	11,243,596	8,102,730
Other income	6	40,939	16,147
Other gains and losses	7	33,737	(59,743)
Purchases and changes in inventories		(10,658,280)	(7,882,354)
Employee benefits expenses		(105,066)	(43,125)
Other operating expenses		(196,273)	(129,430)
Changes in fair value of investment properties	13	148,875	304,430
Changes in fair value of assets classified as held-for-sale	20	20,000	–
Share of results of an associate		(35)	(46)
Finance costs	8	(177,788)	(100,644)
Profit before tax		349,705	207,965
Income tax expense	9	(37,614)	(166,858)
Profit for the year/period	10	312,091	41,107

	NOTES	Year ended 31 December 2017 HK$'000	Nine months ended 31 December 2016 HK$'000
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		174,650	(19,464)
Changes in fair value of available-for-sale investments		5,095	–
Share of exchange difference of an associate		466	153
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries		(53,452)	1,224
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate		(619)	–
Other comprehensive income (expense) for the year/period		126,140	(18,087)
Total comprehensive income for the year/period		438,231	23,020
Profit (loss) for the year/period attributable to:			
Owners of the Company		312,096	41,263
Non-controlling interests		(5)	(156)
		312,091	41,107
Total comprehensive income (expense) for the year/period attributable to:			
Owners of the Company		438,059	23,559
Non-controlling interests		172	(539)
		438,231	23,020
Earnings per share	12		
– Basic (HK cents)		6.06	1.94

Consolidated Statement of Financial Position

As at 31 December 2017

		2017	2016
	NOTES	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment		35,617	182,567
Investment properties	13	2,761,828	3,625,760
Goodwill		–	12,014
Intangible assets		4,655	32,366
Mining rights	14	454,541	454,541
Interest in an associate		–	15,301
Loan note receivable	15	–	1,460,808
Available-for-sale investments		70,919	1,116
Pledged bank deposits		–	19,713
Deferred tax assets		2,039	–
Other non-current assets		12,853	9,932
		3,342,452	5,814,118
Current assets			
Inventories		4,542	1,834
Financial assets designated as at fair value through profit or loss	16	446,660	452,600
Accounts receivable	17	166,617	85,063
Loan note receivable	15	1,472,118	–
Held-for-trading investments	18	2,244,524	651,856
Deposits, prepayments and other receivables		131,213	410,467
Financial derivative contracts		93,539	–
Structured deposits		89,020	313
Restricted bank deposits	19	1,117,534	841,106
Bank balances and cash		1,380,685	2,016,662
		7,146,452	4,459,901
Assets classified as held-for-sale	20	680,118	–
		7,826,570	4,459,901

	NOTES	2017 HK$'000	2016 HK$'000
Current liabilities			
Financial liabilities held-for-trading	18	6,600	–
Financial derivative contracts		–	12,685
Accounts and bills payables	21	1,346,530	910,591
Accrued liabilities and other payables		180,300	151,366
Borrowings	22	2,203,852	1,931,096
Amounts due to related companies		192	14,728
Loan notes	23	–	1,412,116
Loan from a related company		121,847	–
Other liabilities	24	1,203,767	–
Tax payables		77,773	26,724
		5,140,861	4,459,306
Net current assets		2,685,709	595
Total assets less current liabilities		6,028,161	5,814,713
Non-current liabilities			
Borrowings	22	620,904	–
Loan from a related company		–	171,444
Other liabilities	24	–	1,165,586
Deferred tax liabilities		224,251	245,453
		845,155	1,582,483
Net assets		5,183,006	4,232,230
Capital and reserves			
Share capital	25	262,501	240,164
Reserves		4,917,283	3,989,016
Equity attributable to owners of the Company		5,179,784	4,229,180
Non-controlling interests		3,222	3,050
Total equity		5,183,006	4,232,230

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve HK$'000 (Note a)	Investments revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserves HK$'000	Other capital contribution reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	75,054	1,157,281	52,743	–	(754)	–	–	(435,429)	848,895	9,015	857,910
Profit (loss) for the period	–	–	–	–	–	–	–	41,263	41,263	(156)	41,107
Exchange differences arising from translation of foreign operations	–	–	–	–	(19,081)	–	–	–	(19,081)	(383)	(19,464)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	–	–	–	–	1,224	–	–	–	1,224	–	1,224
Share of exchange difference of an associate	–	–	–	–	153	–	–	–	153	–	153
Other comprehensive expense for the period	–	–	–	–	(17,704)	–	–	–	(17,704)	(383)	(18,087)
Total comprehensive (expense) income for the period	–	–	–	–	(17,704)	–	–	41,263	23,559	(539)	23,020
Issue of rights shares	150,110	2,852,075	–	–	–	–	–	–	3,002,185	–	3,002,185
Placing of new shares	15,000	345,000	–	–	–	–	–	–	360,000	–	360,000
Transaction costs attributable to issue of rights shares and placing of new shares	–	(12,771)	–	–	–	–	–	–	(12,771)	–	(12,771)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(5,426)	(5,426)
Other capital contribution	–	–	–	–	–	–	7,312	–	7,312	–	7,312
At 31 December 2016	240,164	4,341,585	52,743	–	(18,458)	–	7,312	(394,166)	4,229,180	3,050	4,232,230

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve HK$'000 (Note a)	Investments revaluation reserve HK$'000	Translation reserve HK$'000	Statutory reserves HK$'000	Other capital contribution reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
Profit (loss) for the year	–	–	–	–	–	–	–	312,096	312,096	(5)	312,091
Exchange differences arising from translation of foreign operations	–	–	–	–	174,473	–	–	–	174,473	177	174,650
Changes in fair value of available-for-sale investments	–	–	–	5,095	–	–	–	–	5,095	–	5,095
Share of exchange difference of an associate	–	–	–	–	466	–	–	–	466	–	466
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries	–	–	–	–	(53,452)	–	–	–	(53,452)	–	(53,452)
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate	–	–	–	–	(619)	–	–	–	(619)	–	(619)
Other comprehensive income for the year	–	–	–	5,095	120,868	–	–	–	125,963	177	126,140
Total comprehensive income for the year	–	–	–	5,095	120,868	–	–	312,096	438,059	172	438,231
Issue of ordinary shares for acquisition of subsidiaries	22,337	585,233	–	–	–	–	–	–	607,570	–	607,570
Cancellation of share premium and transferred to contributed surplus reserve *(Note b)*	–	(4,926,818)	4,926,818	–	–	–	–	–	–	–	–
Dividends recognised as distributions *(Note c)*	–	–	(95,025)	–	–	–	–	–	(95,025)	–	(95,025)
Transfer to statutory reserves *(Note d)*	–	–	–	–	–	57,485	–	(57,485)	–	–	–
At 31 December 2017	262,501	–	4,884,536	5,095	102,410	57,485	7,312	(139,555)	5,179,784	3,222	5,183,006

Notes:

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

(b) On 30 October 2017, the shareholders of the Company approved a special resolution regarding the cancellation of the entire amount of share premium amounting to approximately HK$4,926,818,000 and transferred to contributed surplus reserve.

(c) Under the Companies Act 1981 of Bermuda (as amended), a company may not declare or pay a dividend, or make a distribution out of contributed surplus reserve, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Otherwise the contributed surplus reserve is distributable. During the year ended 31 December 2017, the Company has distributed dividends from contributed surplus reserve amounted to approximately HK$95,025,000 to the shareholders of the Company.

(d) According to the relevant rules and regulations in the People's Republic of China (the "**PRC**"), each of the Company's PRC subsidiaries shall transfer 10% of their net income after taxation, based on the subsidiary's PRC statutory accounts, as statutory reserves, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion. The statutory reserves can be used to offset any accumulated losses or convert into paid-up capital of the respective subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2017

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. ("**Satinu Resources**"), a company incorporated in British Virgin Island ("**BVI**") with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Suite 1206–1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company is an investment holding company and the principal activities of its principal subsidiaries include financial services, securities investment, commodity trading, property investment, distressed debt asset management and 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The reporting period end date of the Company and its subsidiaries (collectively referred to as "**the Group**") was changed from 31 March to 31 December from last reporting period because the Directors determined to align the annual reporting period end date with the financial year end date of the Company's principal operating subsidiaries established in the People's Republic of China (the "**PRC**"). Such change is in response to the increase in operation and number of Company's subsidiaries established in the PRC during recent years. The Directors consider that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a nine month period from 1 April 2016 to 31 December 2016 and therefore may not be comparable with amounts shown for the current year.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 *Financial Instruments with HKFRS 4 Insurance Contracts*[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[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 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycles[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycles[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[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

4. REVENUE

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

	Year ended 31 December 2017	**Nine months ended 31 December 2016**
	HK$'000	*HK$'000*
Sale of petrochemical products	5,775,660	5,314,254
Sale of metal-related products	4,841,700	2,553,001
Effective interest income from loan note receivable *(Note 15)*	217,386	6,798
Changes in fair value of financial assets (liabilities) held-for-trading	157,049	53,308
Property rental income	129,689	2,263
Changes in fair value of financial assets designated as at fair value through profit or loss	80,601	150,068
Sale of medical equipment and other general goods	21,627	21,851
Service fees, commission, broking income and interest income from margin clients from financial services business and insurance brokerage business	19,884	1,187
	11,243,596	8,102,730

5. SEGMENT INFORMATION

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

For management purpose, the Group is currently organised into seven operating divisions summarised as follows:

(i) Financial services segment – 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;

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

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

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

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

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

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

Segment revenue and results

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

Year ended 31 December 2017

	Financial services *HK$'000*	Securities investment *HK$'000*	Commodity trading *HK$'000*	Property investment *HK$'000*	Distressed debt asset management *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment revenue	237,270	157,049	10,617,360	129,689	80,601	–	21,627	11,243,596
Segment results	85,529	117,224	33,210	258,905	56,423	(14,296)	185	537,180
Gain on disposal of an associate								987
Gain on disposal of a subsidiary								4,960
Share of results of an associate								(35)
Net foreign exchange gains								3,424
Unallocated finance costs								(110,209)
Central administration costs								(86,602)
Profit before tax								349,705

Nine months ended 31 December 2016

	Financial services *HK$'000*	Securities investment *HK$'000*	Commodity trading *HK$'000*	Property investment *HK$'000*	Distressed debt asset management *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Other *HK$'000*	Total *HK$'000*
Segment revenue	7,985	53,308	7,867,255	2,263	150,068	–	21,851	8,102,730
Segment results	4,718	6,824	(11,602)	298,395	133,193	(1,102)	648	431,074
Loss on disposal of a subsidiary								(67)
Loss on initial recognition of loan notes								(440)
Share of results of an associate								(46)
Net foreign exchange losses								(60,974)
Unallocated finance costs								(67,784)
Central administration costs								(93,798)
Profit before tax								207,965

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the reporting periods.

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

Segment assets and liabilities

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

	2017	**2016**
	HK$'000	*HK$'000*
Segment assets		
Financial services	1,901,120	2,063,330
Securities investment	3,178,208	1,846,081
Commodity trading	1,377,325	1,194,036
Property investment	3,512,886	3,664,866
Distressed debt asset management	454,571	497,256
Mining and exploitation of natural resources	457,096	454,584
Other	14,884	8,898
Total segment assets	10,896,090	9,729,051
Interest in an associate	–	15,301
Available-for-sale investments	70,919	1,116
Structured deposits	89,020	313
Deposits paid for potential acquisitions	–	315,225
Unallocated property, plant and equipment	21,871	163,272
Unallocated intangible assets	4,155	4,130
Other unallocated corporate assets	86,967	45,611
Consolidated assets	11,169,022	10,274,019

	2017	2016
	HK$'000	*HK$'000*
Segment liabilities		
Financial services	1,311,139	1,290,291
Securities investment	1,049,548	388,365
Commodity trading	1,247,682	809,927
Property investment	780,141	1,250,212
Distressed debt asset management	34,771	40,409
Mining and exploitation of natural resources	93,679	93,158
Other	3,689	797
Total segment liabilities	4,520,649	3,873,159
Amounts due to related companies	192	14,728
Loan notes	–	1,412,116
Loan from a related company	121,847	171,444
Unallocated borrowings	1,307,498	498,471
Other unallocated corporate liabilities	35,830	71,871
Consolidated liabilities	5,986,016	6,041,789

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

- all assets are allocated to operating and reportable segments other than interest in an associate, available-for-sale investments, structured deposits, deposits paid for potential acquisitions, 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 amounts due to related companies, loan notes, loan from a related company, unallocated borrowings and other unallocated corporate liabilities.

6. OTHER INCOME

	Year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Interest income from:		
– restricted bank deposits	28,284	8,790
– bank and time deposits	5,931	4,195
Commission rebate on trading securities	2,365	–
Sundry income	4,359	3,162
	40,939	16,147

7. OTHER GAINS AND LOSSES

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Changes in fair value of financial derivative contracts	103,854	4,104
Gain (loss) on disposal of subsidiaries	52,220	(67)
Net foreign exchange gains (losses)	3,424	(60,974)
Changes in fair value of structured deposits	1,407	160
Gain on disposal of an associate	987	–
Profits attributable to the third parties' interest in consolidated structured entities	(82,001)	(2,486)
Impairment loss on goodwill and intangible assets	(38,408)	–
Impairment loss on accounts and other receivable	(7,746)	(40)
Loss on initial recognition of loan notes	–	(440)
	33,737	(59,743)

8. FINANCE COSTS

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Interest expenses on		
– secured bank borrowings	54,640	8,704
– other borrowings	50,776	–
– margin financing	29,506	17,825
– loan notes	29,421	30,626
– loan from a related company	10,507	131
– vendor financing loan	1,123	2,991
– loans from Tai He Financial Group Limited ("Tai He Financial")	–	32,278
Others	1,815	8,089
	177,788	100,644

9. INCOME TAX EXPENSE

	Year ended 31 December 2017	Nine months ended 31 December 2016
	HK$'000	*HK$'000*
Current tax: The PRC Enterprise Income Tax ("**EIT**")	26,817	4,849
Singapore Corporate Tax ("**CIT**")	12,689	9,677
Hong Kong Profits Tax	11,800	1,464
The UK Profits Tax	20,927	29
	72,233	16,019
Overprovision in prior year:		
Hong Kong Profits Tax	(226)	–
The PRC EIT	(195)	(1,604)
Singapore CIT	–	(106)
	(421)	(1,710)
Deferred tax	(34,198)	152,549
	37,614	166,858

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

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

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 the year/period.

The UK Profits Tax is calculated at 19.25% (nine months ended 31 December 2016: 20%) of estimated assessable profit for the year ended 31 December 2017.

10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Profit for the year/period has been arrived after charging (crediting):		
Directors' emoluments	27,603	11,611
Other staff costs:		
– Salaries, allowances and benefits in kind	74,741	30,351
– Retirement benefits scheme contributions	2,722	1,163
Total staff costs	105,066	43,125
Auditor's remuneration	4,780	3,964
Cost of inventories recognised as an expense	10,658,280	7,882,354
Depreciation of property, plant and equipment	20,425	5,667
Amortisation of intangible assets	1,342	250
Legal and professional fee	33,142	66,424
Operating lease rental in respect of office premises	28,501	18,619
Gross rental income from investment properties	(129,689)	(2,263)
Less: direct operating expenses arising from investment properties that generated rental income	1,292	46
	(128,397)	(2,217)

11. DIVIDENDS

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year/period: 2017 Interim – HK1.81 cents (2016 Interim: Nil) per share	95,025	–

No dividend has been proposed for ordinary shareholders of the Company since the end of the reporting periods.

12. EARNINGS PER SHARE

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

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Earnings		
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	312,096	41,263

	Year ended 31 December 2017 *HK$'000*	Nine months ended 31 December 2016 *HK$'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,149,656	2,123,430

For the year ended 31 December 2017, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the issuance of shares as consideration for acquisition of the Tai Infinite Holdings Group Limited and its subsidiary in March 2017.

For the nine months ended 31 December 2016, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the subscription of rights shares and share placing in November and December 2016.

No diluted earnings per share for the year/period were presented as there were no potential ordinary shares in issue during the year/period.

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2016	–
Additions	1,261,374
Acquired through acquisition of subsidiaries	2,049,856
Changes in fair value recognised in profit or loss	304,430
Exchange realignment	10,100
At 31 December 2016	3,625,760
Acquired through acquisition of subsidiaries	606,529
Changes in fair value recognised in profit or loss	148,875
Reclassified as held-for-sale	(660,000)
Disposals	(111,817)
Disposals through disposal of a subsidiary	(1,189,720)
Exchange realignment	342,201
At 31 December 2017	2,761,828

14. MINING RIGHTS

	HK$'000
COST	
At 1 April 2016, 31 December 2016 and 31 December 2017	1,003,034
IMPAIRMENT	
At 1 April 2016, 31 December 2016 and 31 December 2017	548,493
CARRYING VALUE	
At 31 December 2016 and 31 December 2017	454,541

The mining rights represent the rights to conduct mining activities in the location of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have remaining legal lives of 14 to 19 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. The Directors are of the opinion that the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. No active mining operation of the Group has taken place yet during the year. The Directors expect that the exploitation of the mines will take place no later than the end of 2021.

15. LOAN NOTE RECEIVABLE

	2017	**2016**
	HK$'000	*HK$'000*
At the beginning of the year/period	1,460,808	–
Loans notes subscribed	–	1,550,800
Loan note arrangement fee and advisory fee receipt in advance	(93,496)	(93,051)
Amortisation of arrangement fee income and advisory fee income	93,066	3,059
Exchange realignment	11,740	–
At the end of the year/period	1,472,118	1,460,808
Analysed for reporting purposes as:		
Non-current assets	–	1,460,808
Current assets	1,472,118	–
	1,472,118	1,460,808

During the nine months ended 31 December 2016, the Group entered into a subscription agreement with Haitong Global Investment SPC III pursuant to which the Group agreed to subscribe for 50,000 Class R participating shares at a total consideration of US$50,000,000 (equivalent to approximately HK$387,700,000) of Haitong Dynamic MultiTranche Investment Fund IV S.P..

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

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

17. ACCOUNTS RECEIVABLE

	2017	**2016**
	HK$'000	*HK$'000*
Accounts receivable arising from the sales of petrochemical products and metal-related products	27,558	–
Accounts receivable arising from property rental income	32,887	–
Accounts receivable arising from the business of dealing in securities:		
– margin clients	40,645	29,847
– cash clients	1,654	529
Accounts receivable arising from the business of dealing in futures and options:		
– clients	35,535	26,045
– clearing houses, brokers and dealers	21,587	25,775
Accounts receivable arising from the business of insurance brokerage	2,163	–
Accounts receivable arising from the sales of medical equipment and other general goods	4,624	2,907
	166,653	85,103
Impairment loss in relation to:		
Accounts receivable arising from the business of dealing in securities:		
– margin clients	(36)	(40)
Total	166,617	85,063
Secured	40,609	29,807
Unsecured	126,008	55,256
Total	166,617	85,063

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	10,661	631
31–90 days	38,450	1,207
91–120 days	15,416	185
Over 120 days	2,705	884
	67,232	2,907

18. HELD-FOR-TRADING INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Financial assets held-for-trading:		
Listed equity securities held-for-trading in Hong Kong	2,244,524	651,856
Financial liabilities held-for-trading:		
Commodity futures contracts held-for-trading in Singapore	6,600	–

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

19. RESTRICTED BANK DEPOSITS

The restricted bank deposits represent bank deposits restricted by certain bank to secure the issuance of letters of credit in relation to the purchase of petrochemical and metal-related products. The deposits carry fixed interest ranging from 1.35% to 2.13% per annum (2016: 1.40% to 1.81% per annum). The entire amount will be released upon the settlement of the letters of credit within twelve months from the end of the reporting period and are therefore classified as current assets.

20. ASSETS CLASSIFIED AS HELD-FOR-SALE

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

	HK$'000
Assets classified as held-for-sale:	
Investment properties	680,000
Deposits, prepayments and other receivables	118
	680,118

	HK$'000
FAIR VALUE	
Reclassified from investment properties as held-for-sale *(Note 13)*	660,000
Changes in fair value recognised in profit or loss	20,000
At 31 December 2017	680,000

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

21. ACCOUNTS AND BILLS PAYABLES

	2017	**2016**
	HK$'000	*HK$'000*
Bills payable arising from the purchase of petrochemical products and metal-related products	1,242,218	790,013
Accounts payable arising from the business of dealing in securities:		
– clearing houses, brokers and dealers	12,127	26,022
– cash clients	6,597	5,582
– margin clients	28,384	48,634
Accounts payable to clients arising from the business of dealing in futures and options	53,546	40,340
Accounts payable arising from the business of insurance brokerage	2,294	–
Accounts payable arising from the sale of medical equipment and other general goods	1,364	–
	1,346,530	910,591

The following is an aged analysis of accounts payable arising from the sale of medical equipment and other general goods and insurance brokerage service and bills payables arising from the purchase of petrochemical products and metal-related products based on the invoices and bills issuance dates at the end of the reporting periods:

	2017	**2016**
	HK$'000	*HK$'000*
Within 30 days	148,640	–
31–90 days	1,097,236	294,989
91–150 days	–	405,153
More than 151 days but within 1 year	–	89,871
	1,245,876	790,013

22. BORROWINGS

	2017	2016
	HK$'000	*HK$'000*
Secured variable-rate bank borrowings	889,889	1,598,250
Less: loan raising costs	(2,567)	(8,865)
	887,322	1,589,385
Margin financing loans	1,028,403	310,590
Vendor financing loan	–	31,121
Loan instrument	620,904	–
Other borrowings	288,127	–
	2,824,756	1,931,096
Analysed of reporting purposes:		
Secured	2,536,629	1,931,096
Unsecured	288,127	–
	2,824,756	1,931,096

23. LOAN NOTES

	HK$'000
CARRYING VALUES	
At 1 April 2016	–
Loan notes issued	1,395,000
Loss on initial recognition of loan notes	440
Transaction costs incurred	(13,950)
Interest expense charged during the period	30,626
At 31 December 2016	1,412,116
Interest expense charged during the year	29,421
Redemption of loan notes	(1,441,537)
At 31 December 2017	–

24. OTHER LIABILITIES – INTEREST IN CONSOLIDATED STRUCTURED ENTITY

	2017	2016
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	1,203,767	–
Non-current liabilities	–	1,165,586
	1,203,767	1,165,586

For the year ended 31 December 2017, profit attributable to the third party's interest of approximately HK$76,072,000 (nine months ended 31 December 2016: HK$2,486,000) in consolidated structured entities is presented in other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The third party's interest in consolidated structured entity, including the principal, distribution, reinvestment and profit shared from the investment fund structured entity, amounted to approximately HK$1,203,767,000 (2016: HK$1,165,586,000) as at 31 December 2017 is presented as other liabilities in the consolidated statement of financial position.

25. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 April 2016, 31 December 2016 and 31 December 2017	34,566,667	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 April 2016	1,501,093	75,054
Subscription of rights shares	3,002,185	150,110
Placement of new shares	300,000	15,000
At 31 December 2016	4,803,278	240,164
Issue of shares	446,743	22,337
At 31 December 2017	5,250,021	262,501
Authorised preference shares at HK$0.05 per share		
At 1 April 2016, 31 December 2016 and 31 December 2017	5,433,333	271,666
Issued and fully paid preference shares at HK$0.05 per share		
At 1 April 2016, 31 December 2016 and 31 December 2017	–	–

26. CHARGES ON ASSETS

The Group has the following charges on assets for bills payables and certain borrowings as at 31 December 2017 and 2016:

	2017	2016
	HK$'000	*HK$'000*
Investment properties		
– Commercial property units located in the UK *(Note a)*	–	988,425
– Residential property units located in the UK *(Note b)*	1,080,848	1,074,375
– Commercial property units located in Hong Kong classified as held-for-sale *(Note c)*	680,000	–
	1,760,848	2,062,800
Restricted bank deposits *(Note d)*	1,117,534	841,106
Pledged bank deposits *(Note a)*	–	19,713
Financial assets held-for-trading *(Note e)*	2,244,524	651,856
Financial assets designated as at fair value through profit or loss *(Note f)*	–	215,041
	5,122,906	3,790,516

Notes:

(a) The investment properties, pledged bank deposits and together with a floating charge over all the assets of a subsidiary of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$573,000,000 as at 31 December 2016.

(b) The investment properties, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$489,889,000 (2016: HK$525,250,000).

(c) The investment properties classified as held-for-sale (2016: investment properties held by Tai He Financial) were pledged to a bank to secure a bank borrowing with an outstanding amount of approximately HK$400,000,000 (2016: HK$500,000,000). This borrowing also guaranteed by Tai He Financial.

(d) The restricted bank deposits were pledged to secure for bills payable arising from the purchase of petrochemical products and metal-related products with an outstanding amount of approximately HK$1,242,218,000 (2016: HK$790,013,000).

(e) The financial assets held-for-trading was pledged to securities brokers to secure for margin financing loans with an outstanding amount of approximately HK$1,028,403,000 (2016: HK$310,590,000).

(f) The financial assets designated as at fair value through profit or loss – distressed debt assets were pledged to secure for vendor financing loan with an outstanding amount of approximately HK$31,121,000 as at 31 December 2016.

In addition to above charges on assets, the Group's 8% Note with an outstanding amount of approximately HK$620,904,000 as at 31 December 2017 was secured by all the shares of two wholly-owned subsidiaries, Best Future Investments Limited ("**Best Future**") and Tai United Financial Group Limited ("**TU Financial**").

27. CAPITAL COMMITMENTS

	2017	2016
	HK$'000	*HK$'000*
Capital expenditure in respect of potential share subscription contracted for but not provided in the consolidated financial statements *(Note)*	–	592,000

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

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

As at 31 December 2017, the Group has no other material commitment.

28. EVENTS AFTER REPORTING PERIOD

(a) Disposal of Best Future

During the year ended 31 December 2017, the Group entered into a note instrument subscription agreement (the "**Note Agreement**") with an independent third party (the "**Subscriber**") pursuant to which the Group agreed to issue and the Subscriber agreed to subscribe for a 8% note (the "**8% Note**") in the aggregate principal amount of US$80,000,000 (equivalent to approximately HK$620,904,000) with a term of 3 years from the date of issue. The 8% Note was fully subscribed by the Subscriber in March 2017.

Subsequent to the end of the reporting period, the Group had entered into sales and purchase agreements with two independent third parties to dispose of its 67% equity interest in Best Future, which engaged in provision of securities and margin financing, trading and brokerage of futures contracts, asset management and money lending business in Hong Kong at a total cash consideration of approximately HK$104,940,000.

Therefore, the Group has released the charges on equity shares of Best Future and TU Financial for the purpose of disposing its 67% equity interest in Best Future by issuing cashier's orders to the Subscriber amounting to HK$650,005,000.

The disposal was completed on 18 January 2018, on which date the Group lost control of Best Future.

(b) Change of ultimate holding company

On 19 January 2018, Songbird SG Pte. Ltd. ("**Songbird**"), an independent third party of the Group, entered into two sale and purchase agreements with Tai Capital LLC and Chua Lee Holdings Limited, former holding companies of the Group, to acquire 23.40% and 50.58% issued share capital of the Company, respectively, at total considerations amounting to approximately HK$3,573,076,000.

Upon completion of the share transfer, Songbird held 73.98% of issued share capital of the Company and its holding company. Satinu Resources became the ultimate holding company of the Company.

B. For the nine months ended 31 December 2016

The following is the full text of the audited consolidated financial statements of the Group for the nine months ended 31 December 2016 as extracted from the annual report of the Company for the nine months ended 31 December 2016:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the nine months ended 31 December 2016

	NOTES	Nine months ended 31 December 2016 HK$'000	Year ended 31 March 2016 HK$'000
Revenue	6	8,102,730	1,121,247
Other income	8	16,267	2,260
Other losses (gain)	9	(59,863)	222
Purchases and changes in inventories		(7,882,354)	(1,041,520)
Employee benefits expenses		(43,125)	(7,944)
Other operating expenses		(129,430)	(15,921)
Changes in fair value of investment properties	17	304,430	–
Impairment loss on mining rights	21	–	(217,083)
Share of results of an associate		(46)	–
Finance costs	10	(100,644)	(43)
Profit (loss) before tax		207,965	(158,782)
Income tax (expense) credit	11	(166,858)	42,708
Profit (loss) for the period/year	12	41,107	(116,074)

	NOTES	Nine months ended 31 December 2016 HK$'000	Year ended 31 March 2016 HK$'000
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		(19,464)	(646)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	49	1,224	–
Share of exchange difference of an associate		153	–
Other comprehensive expense for the period/year		(18,087)	(646)
Total comprehensive income (expense) for the period/year		23,020	(116,720)
Profit (loss) for the period/year attributable to:			
Owners of the Company		41,263	(116,204)
Non-controlling interests		(156)	130
		41,107	(116,074)
Total comprehensive income (expense) for the period/year attributable to:			
Owners of the Company		23,559	(116,850)
Non-controlling interests		(539)	130
		23,020	(116,720)
			(restated)
Earnings (loss) per share	15		
– Basic *(HK cents)*		1.94	(8.56)

Consolidated Statement of Financial Position

At 31 December 2016

	NOTES	At 31 December 2016 HK$'000	At 31 March 2016 HK$'000
Non-current assets			
Property, plant and equipment	16	182,567	12,161
Investment properties	17	3,625,760	–
Goodwill	18	12,014	–
Intangible assets	19	32,366	–
Mining rights	20	454,541	454,541
Interest in an associate	22	15,301	–
Loan note receivable	23	1,460,808	–
Available-for-sale investments	24	1,429	–
Deposits for potential acquisitions	29	–	10,000
Pledged bank deposits	31	19,713	–
Other non-current assets		9,932	–
		5,814,431	476,702
Current assets			
Inventories	25	1,834	845
Financial assets designated as at fair value through profit or loss	26	452,600	–
Accounts receivable	27	85,063	3,271
Held-for-trading investments	28	651,856	760,613
Deposits, prepayments and other receivables	29	410,467	47,749
Financial derivative contract	30	–	75,266
Restricted bank deposits	31	841,106	–
Bank balances and cash	31	2,016,662	522,631
		4,459,588	1,410,375
Current liabilities			
Financial derivative contract	30	12,685	–
Accounts and bills payables	32	910,591	–
Accrued liabilities and other payables	33	151,366	2,398
Borrowings	34	1,931,096	40,245
Amount due to ultimate holding company	35	14,728	4,798
Loan notes	36	1,412,116	–
Loans from ultimate holding company	37	–	877,040
Tax payables		26,724	11,528
		4,459,306	936,009
Net current assets		282	474,366
Total assets less current liabilities		5,814,713	951,068

	NOTES	At 31 December 2016 HK$'000	At 31 March 2016 HK$'000
Non-current liabilities			
Loan from a fellow subsidiary	38	171,444	–
Other non-current liabilities	39	1,165,586	–
Deferred tax liabilities	40	245,453	93,158
		1,582,483	93,158
Net assets		4,232,230	857,910
Capital and reserves			
Share capital	41	240,164	75,054
Reserves		3,989,016	773,841
Equity attributable to owners of the Company		4,229,180	848,895
Non-controlling interests	42	3,050	9,015
Total equity		4,232,230	857,910

The consolidated financial statements on pages 80 to 246 were approved and authorised for issue by the Board of Directors on 29 March 2017 and are signed on its behalf by:

Dr. Meng Zhaoyi
Director

Mr. Chen Weisong
Director

Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2016

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve HK$'000 (Note a)	Deemed capital contribution reserve HK$'000 (Note b)	Translation reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2015	52,296	837,222	52,743	–	(108)	(319,225)	622,928	2,885	625,813
(Loss) profit for the year	–	–	–	–	–	(116,204)	(116,204)	130	(116,074)
Exchange differences arising from translation of foreign operations	–	–	–	–	(646)	–	(646)	–	(646)
Total comprehensive (expense) income for the year	–	–	–	–	(646)	(116,204)	(116,850)	130	(116,720)
Placing of new shares *(Note 41(a))*	10,249	170,150	–	–	–	–	180,399	–	180,399
Subscription of new shares *(Note 41(b))*	12,509	153,211	–	–	–	–	165,720	–	165,720
Transaction costs attributable to placing and subscription of new shares	–	(3,302)	–	–	–	–	(3,302)	–	(3,302)
Capital contribution from non-controlling interest	–	–	–	–	–	–	–	6,000	6,000
At 31 March 2016	75,054	1,157,281	52,743	–	(754)	(435,429)	848,895	9,015	857,910
Profit (loss) for the period	–	–	–	–	–	41,263	41,263	(156)	41,107
Exchange differences arising from translation of foreign operations	–	–	–	–	(19,081)	–	(19,081)	(383)	(19,464)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	–	–	–	–	1,224	–	1,224	–	1,224
Share of exchange difference of an associate	–	–	–	–	153	–	153	–	153
Other comprehensive expense for the period	–	–	–	–	(17,704)	–	(17,704)	(383)	(18,087)
Total comprehensive (expense) income for the period	–	–	–	–	(17,704)	41,263	23,559	(539)	23,020

	Attributable to owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Contributed surplus reserve** *HK$'000* *(Note a)*	**Deemed capital contribution reserve** *HK$'000* *(Note b)*	**Translation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Subtotal** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
Issue of rights shares *(Note 41(c))*	150,110	2,852,075	–	–	–	–	3,002,185	–	3,002,185
Placing of new shares *(Note 41(d))*	15,000	345,000	–	–	–	–	360,000	–	360,000
Transaction costs attributable to issue of rights shares and placing of new shares	–	(12,771)	–	–	–	–	(12,771)	–	(12,771)
Disposal of a subsidiary *(Note 49)*	–	–	–	–	–	–	–	(5,426)	(5,426)
Deemed capital contributions from shareholders *(Note b)*	–	–	–	7,312	–	–	7,312	–	7,312
At 31 December 2016	240,164	4,341,585	52,743	7,312	(18,458)	(394,166)	4,229,180	3,050	4,232,230

Notes:

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

(b) Deemed capital contribution reserve represents the initial fair value adjustment on loan from a fellow subsidiary which is unsecured, interest bearing at 4.75% per annum and repayable on 28 December 2018. Details disclosed in Note 38.

Consolidated Statement of Cash Flows
For the nine months ended 31 December 2016

	NOTES	Nine months ended 31 December 2016 HK$'000	Year ended 31 March 2016 HK$'000
OPERATING ACTIVITIES			
Profit (loss) before tax		207,965	(158,782)
Adjustments for:			
Finance costs		100,644	43
Depreciation of property, plant and equipment		5,667	423
Profit attributable to the third party's interest in consolidated structured entity		2,486	–
Loss on initial recognition of loan notes		440	–
Amortisation of intangible assets		250	–
Loss on disposal of a subsidiary		67	–
Share of results of an associate		46	–
Impairment loss on accounts receivable		40	–
Changes in fair value of investment properties		(304,430)	–
Unrealised gain on fair value change of financial assets designated as at fair value through profit or loss		(92,098)	–
Unrealised loss on fair value change of held-for-trading investments		16,259	–
Interest income		(12,985)	(245)
(Gain) loss on fair value change of financial derivative contracts		(4,104)	2,234
Impairment loss on mining rights		–	217,083
Operating cash flows before movements in working capital		(79,753)	60,756
(Increase) decrease in inventories		(989)	432
Increase in financial assets designated as at fair value through profit or loss		(379,019)	–
Decrease (increase) in accounts receivable		1,838	(476)
Decrease (increase) in held-for-trading investments		91,594	(760,613)
Increase in deposits, prepayments and other receivables		(74,126)	(6,892)
Decrease (increase) in financial derivative contracts		92,055	(77,500)
Increase in accounts and bills payables		829,155	–
Decrease (increase) in accrued liabilities and other payables		(8,875)	543
Cash generated from (used in) operations		471,880	(783,750)
Income tax paid		(1,821)	(973)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		470,059	(784,723)

	NOTES	Nine months ended 31 December 2016 HK$'000	Year ended 31 March 2016 HK$'000
INVESTING ACTIVITIES			
Subscription of loan note receivable		(1,460,808)	–
Acquisition of an investment property		(1,261,374)	–
Net cash outflow on acquisitions of subsidiaries	48	(1,112,447)	–
Placement of restricted bank deposits		(841,106)	–
Deposits paid for potential acquisitions		(315,225)	(48,981)
Acquisition of property, plant and equipment		(21,565)	(12,466)
Acquisition of other non-current assets		(9,932)	–
Investment in an associate		(8,400)	–
Deposits paid for potential investments		(5,000)	–
Placement of pledged bank deposits		(2,948)	–
Acquisition of an available-for-sales investments		(1,429)	–
Net cash inflow on disposal of a subsidiary	49	17,429	–
Interest received		9,203	245
Proceeds on disposal of interest in an associate		7,815	–
NET CASH USED IN INVESTING ACTIVITIES		(5,005,787)	(61,202)
FINANCING ACTIVITIES			
Proceeds from issuance of rights shares		1,792,185	–
Net proceeds from issuance of loan notes		1,381,050	–
Proceeds from third party's contributions in consolidated structured entity		1,163,100	–
Proceeds from margin financing		685,142	40,245
Proceeds from bank borrowing raised		560,967	–
Proceeds from placing of new shares		360,000	180,399
Proceeds from loans from ultimate holding company		332,960	1,016,240
Proceeds from loan from a fellow subsidiary		178,625	–
Proceeds from vendor financing loan		92,896	–
Advance from ultimate holding company		9,930	4,798
Repayment of margin financing		(414,797)	–
Repayment of vendor financing loan		(60,345)	–
Interest paid		(27,529)	–
Transaction cost directly attributable to issue of rights shares		(10,943)	–
Transaction cost directly attributable to placing of new shares		(1,828)	(2,701)
Proceeds from subscription of new shares		–	165,720
Capital contribution from non-controlling interests		–	6,000
Repayment of loans from ultimate holding company		–	(139,200)
Transaction cost directly attributable to subscription of new shares		–	(601)

	NOTES	Nine months ended 31 December 2016 HK$'000	Year ended 31 March 2016 HK$'000
NET CASH FROM FINANCING ACTIVITIES		6,041,413	1,270,900
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,505,685	424,975
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(11,654)	295
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		522,631	97,361
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		2,016,662	522,631
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		2,016,662	402,738
Time deposits with original maturities less than three months		–	119,893
		2,016,662	522,631

Notes to the Consolidated Financial Statements

For the nine months ended 31 December 2016

1. GENERAL

Tai United Holdings Limited (formerly known as Bestway International 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 Tai He Financial Group Limited, a company incorporated and domiciled in the Cayman Islands with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Suite 1206–1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company is an investment holding company. The principal activities of its principal subsidiaries are securities investment, commodity trading, distressed debt asset management, mining and exploitation of natural resources, sales of medical equipment and other general goods, financial services and property investment. The principal activities of the Company's principal subsidiaries are set out in Note 54.

Pursuant to a special resolution passed on 8 July 2016, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Bermuda on 15 July 2016 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 12 August 2016, the Company changed its name to Tai United Holdings Limited with effect from 19 August 2016.

During the nine months ended 31 December 2016, the Group engaged into three new operating segments as disclosed in Note 7 and in order to provide a more comprehensive and informative presentation of the Company's results to the consolidated financial statement users, the management of the Company has reconsidered the presentation in the consolidated statement of profit or loss and other comprehensive income. Revenue and expenses have been disclosed as separate line items according to their nature on the revenue note and on the face of the consolidated statement of profit or loss and other comprehensive income. Cost of sales have been reclassified to "Purchases and changes on inventories", while selling and distribution expenses, administrative expenses and other operating expenses have been disclosed as separate line items as "Employee benefits expenses" and "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. Accordingly, the relevant comparative amounts of cost of sales totalling HK$1,041,520,000, selling and distribution expenses totaling HK$2,472,000, administrative expenses totaling HK$23,660,000 and other operating expenses totaling HK$10,000 have been reclassified to conform with the current year's presentation.

The functional currency and the presentation currency of the Company is Hong Kong Dollars ("HK$").

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the current financial period, the reporting period end date of the Group was changed from 31 March to 31 December because the Directors determined to align the annual reporting period end date with the financial year end date of the Company's principal operating subsidiaries incorporated in the PRC. Such change is in response to the increase in operation and number of Company's subsidiaries incorporated and acquired in the PRC during recent years. The Directors consider that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the consolidated financial statements for the current period cover the nine months ended 31 December 2016. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve month period from 1 April 2015 to 31 March 2016 and therefore may not be comparable with amounts shown for the current period.

Significant events and transactions in the current reporting period

Acquisition of Hui Kai Holdings Limited and its subsidiaries ("Hui Kai Holdings") (the "Hui Kai Holdings Acquisition")

In 18 January 2016, the Group entered into an agreement with Hui Kai Holdings Limited to acquire the entire equity interest in (i) Hui Kai Futures Limited, which is principally engaged in trading and brokerage of futures contracts with type 2 license under the Securities and Futures Ordinance (the "SFO"); (ii) Hui Kai Asset Management Limited, which is principally engaged in asset management with type 9 license under the SFO; and (iii) Easy Winning International Limited, which is principally engaged in money lending business, for an aggregate consideration of up to HK$56 million. The Group was also granted an option to further acquire the entire equity interest in Hui Kai Holdings Limited and its subsidiary, Hui Kai Securities Limited, at a consideration up to HK$120 million within 12 months. Hui Kai Securities Limited is principally engaged in brokerage of securities and margin financing with type 1 license under the SFO.

On 14 October 2016, the Group served a written notice to the shareholders of Hui Kai Holdings Limited to exercise the call option to acquire the entire equity interest of Hui Kai Holdings Limited. On 24 October 2016, the Group completed the acquisition and the Group plans to utilise the business operations as the financial services platform to carry out financial services business in the future.

Details of the above are set out in Note 48(ii).

Issuance of rights shares

On 1 September 2016, the Company proposed to raise approximately HK$3,002 million by way of the rights issue, pursuant to which the Company has conditionally agreed to allot and issue 3,002,184,872 rights shares ("Rights Shares") at the subscription price of HK$1.00 per Rights Shares on the basis of two Rights Shares for every one existing ordinary share of the Company held on 21 October 2016. The Rights Shares subscription was completed on 7 November 2016 with net proceeds of approximately HK$2,991,242,000.

Details of the above are set out in Note 41(c).

Acquisition of RCBG Residential (UK) Limited ("RCBG") and MRB Residential Holdings Limited and its subsidiaries ("MRB Group")

On 24 September 2016, BG Residential Holdings Limited ("BG Residential"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with The Rothschild Foundation (Hanadiv) Europe, The Rothschild Foundation, RCBG Residential (Jersey) Limited, MoREOF BG Residential Holdings Limited and Brockton Capital I (Tenenbaum) Limited (collectively referred to as the "Vendors"), pursuant to which BG Residential has agreed to purchase the entire equity interest of RCBG and MRB Group and has accepted the assignment of the shareholders' loans of RCBG and MRB Group. RCBG and MRB Group together legally held 100% equity interest in an entity holding properties located at 6–9 Buckingham Gate, London, SW1E, 6JP, United Kingdom ("UK"). The aggregate consideration was British Pound Sterling ("GBP") 58,803,000 (equivalent to approximately HK$556,276,000) and the acquisition has been completed on 4 November 2016.

Details of the above are set out in Note 48(i)(c).

Issuance of loan notes and warrants

On 28 September 2016, the Company entered into loan notes and warrants subscription agreement (the "Loan Notes Subscription Agreement") with Cheer Hope Holdings Limited, Songhua Investment Holding Limited and Haitong International Investment Fund SPC (the "Investors") pursuant to which the Company conditionally agreed to issue, and the Investors conditionally agreed to subscribe for, the loan notes (the "Loan Notes") in the aggregate principal amount of not more than United States Dollars ("US$") 180,000,000 (equivalent to approximately HK$1,395,000,000) with an initial term of 2 years from the date of issue, which may be extended for a further term of one year by the Company with the consent of the Loan Notes holders (the "Loan Notes Holders"). The Loan Notes were fully subscribed by the Investors on 30 September 2016.

Pursuant to the Loan Notes Subscription Agreement, in consideration of the subscription of the Loan Notes by the Investors, the Company conditionally agreed to grant the warrants to the Investors. The warrants will entitle the holders ("Warrant Holders") thereof to subscribe for up to 279,000,000 shares of the Company at an initial warrant shares subscription price of HK$1.0 per warrant share during the warrants subscription period. The warrant shares subscription price is subject to adjustment according to the terms and conditions of the warrants instrument.

Details of the above are set out in Note 36.

Acquisition of distressed assets

On 19 November 2016, 杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co., Ltd.*), an indirect wholly-owned subsidiary of the Company won a bid for the distressed assets through auction comprised a 10-storey hotel facility in Hangzhou of the PRC, with a consideration of Renminbi ("RMB") 1,120,000,000 (equivalent to approximately HK$1,261,374,000). On 28 December 2016, the Group has obtained control of the hotel facility and entitled the returns generated from the hotel facility.

Details of the above are set out in Note 17.

Acquisition of Leon Property Limited

On 24 November 2016, Wide Flourish Investments Limited ("Wide Flourish"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Leon Property Holdings Limited, pursuant to which Wide Flourish has agreed to purchase the entire equity interest of Leon Property Limited and repaid the shareholder's loan of Leon Property Limited. The principal asset of Leon Property Limited is a property located in Hammersmith, the West of London, UK, which is being valued at GBP103,500,000 (equivalent to approximately HK$988,425,000) and the acquisition has been completed on 23 December 2016.

Details of the above are set out in Note 48(i)(d).

Placing of new shares

On 15 December 2016, the Company and Haitong International Securities Company Limited (the "Placing Agent") entered into a placing agreement whereby the Company agreed to place, through the Placing Agent, 300,000,000 new shares of the Company to not less than six placees at a price of HK$1.2 per share (the "Placement"). The Placement was completed on 30 December 2016 and the net proceeds after deducting all related costs, fees, expenses and commission, amounted to approximately HK$358,172,000. The management expected that the net proceeds will be utilised as general working capital of the Group and for financing future acquisitions should such investment opportunities arise.

Details of the above are set out in Note 41(d).

Investment in a fund and provision of guarantee

On 15 December 2016, the Group has entered into a subscription agreement with Haitong Global Investment SPC III ("Haitong Global") pursuant to which the Group agreed to subscribe for 50,000 Class R participating shares at a total consideration of US$50,000,000 of Haitong Dynamic Multi-Tranche Investment Fund IV S.P. (the "Haitong Dynamic Fund").

There are two classes of non-voting shares in the capital of the Haitong Dynamic Fund, namely Class P participating shares and Class R participating shares and the shareholder of Class P participating shares is a company controlled by Haitong International Securities Group Limited, an independent third party not connected with the Group. The principal of the Class P participating shares is US$150,000,000 and Haitong Global has appointed Hai Tong Asset Management (HK) Limited as its investment manager of Haitong Dynamic Fund.

The Group also has entered into the deed of guarantee and indemnity pursuant to which the Group has agreed to provide the guarantee in favour of the Class P participating shareholders for the performance of the Haitong Dynamic Fund with maximum liability of US$103,000,000.

Details of the above are set out in Notes 5, 23 and 39.

3. APPLICATIONS OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current period:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

Amendments to HKAS 1 Disclosure Initiative

The Group has applied the amendments to HKAS 1 *Disclosure Initiative* for the first time in the current period. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

The Group has applied these amendments retrospectively, the grouping and ordering of certain profit or loss items, including (i) revenue and expenses have been disclosed as separate line items according to their nature on the revenue note and on the face of the consolidated statement of profit or loss and other comprehensive income, (ii) cost of sales have been reclassified to "Purchases and changes in inventories" and (iii) selling and distribution expenses, administrative expenses and other operating expenses have been disclosed as separate line items as "Employee benefits expenses" and "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income. Other than the above presentation and disclosure changes, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
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 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
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 2017
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income ("FVTOCI") (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$59,010,000 as disclosed in Note 43. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

Except as described above, the Directors consider that the application of the other new and amendments to HKFRSs will have no significant impact on the Group's consolidated financial statements in coming year.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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 ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assume as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represents the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata based on the carrying amount of any goodwill and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interest in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue or income arising from financial services business are recognised on the following basis:

- Commission and broking income for broking business is recorded as income on a trade date basis;
- service fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered; and
- Interest income from clients are recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Other interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Gains or losses from disposal of distressed debt assets designated as at financial assets at fair value through profit or loss ("FVTPL") and unrealised fair value changes on such assets, both of which are accounted for as fair value changes on distressed debt assets.

The net increase or decrease in fair value of trading investments is recognised directly in net profit or loss.

Dividend income from investments is recognised when the Group's rights to receive payment have been established (provided that it is probable that he economic benefits will flow to the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Revenue from the sale of petrochemical products, metal-related product, medical equipment and other general goods are recognised when the goods are delivered and titles have passed.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Loan raising costs

Loan raising costs incurred in negotiating and arranging borrowings form an integral part of the effective interest rate of the borrowings and amortised through the expected life of the borrowings, or, where appropriate, a shorter period and recognised as an expense on an effective interest method over the loan period.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Interests in subsidiaries

Interests in subsidiaries is included in the Company's statement of financial position at cost less any identified impairment losses.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in fair value of investment properties are included in the profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Mining rights

Mining rights that are acquired separately are carried at cost less any accumulated impairment losses and are subject to amortisation upon commissioning of the mine for production. Amortisation of mining rights is recognised using the unit-of-production method based on the actual production volume over the estimated total recoverable ounces contained in proven and probable reserves at the related mine.

Impairment on tangible assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories represent goods held for resale and are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories, including loans and receivables, financial assets at FVTPL and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan note receivable, accounts receivable, other receivables, pledged bank deposits, restricted bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FTVPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL and financial assets designated as at FVTPL (including held-for-trading investments and distressed debt assets designated as FVTPL) are stated at fair value, with any gains or losses arising on remeasurement and disposal recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'revenue' line item. Fair value is determined in the manner described in Note 46.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss of financial assets below).

Impairment loss of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

- disappearance of an active market for that financial asset because of financial difficulties.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including accounts and bills payables, other payables, borrowings, amount due to ultimate holding company, loan notes, loans from ultimate holding company, loan from a fellow subsidiary and other non-current liabilities are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit (loss) before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition other than in a business combination of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Retirement benefit costs

Payments to the state-managed retirement benefit schemes in relation to employees of the Company's subsidiaries in the PRC, Singapore and UK and the Mandatory Provident Fund Scheme in relation to employees of the Company's subsidiaries in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from these involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Control over Haitong Dynamic Fund

Pursuant to Notes 23 and 39, it described Haitong Dynamic Fund as being controlled by the Group although (i) the Group has only held Class R participating shares of Haitong Dynamic Fund and the Group is not entitled to appoint any directors to the board of Haitong Global, which established the Haitong Dynamic Fund and (ii) investment manager of Haitong Dynamic Fund has existing rights to direct the investment decision of Haitong Dynamic Fund while the Group has no right to appoint investment manager of Haitong Dynamic Fund.

In making the judgments, the Directors assessed whether or not the Group has achieved control over the Haitong Dynamic Fund based on HKFRS 10 Consolidated Financial Statements and considering the facts that (i) the purpose of setting up the Haitong Dynamic Fund was initiated by the Group and solely for subscribing loan note issued by an independent third party (the "Borrower") and after the subscription of the loan note, most of the investment capital in the Haitong Dynamic Fund has been used up and no further investment decisions could be made until the maturity of the loan note, (ii) in accordance with the subscription agreement, the Company could receive the residual value from Haitong Dynamic Fund after paying the principal and target return, which is 6.5% fixed interest income of the US$150,000,000 principal of the Class P participating shares; and (iii) the Group agreed to provide the guarantee in favour of the Class P participating shareholders for the performance of the Haitong Dynamic Fund with the maximum liability of US$103,000,000. After the assessment on all the facts in the subscription agreement, the Directors concluded that Haitong Dynamic Fund created significance exposure to variability of returns to the Group given that the expected return of the Haitong Dynamic Fund reached 28% during the two years term on the existing investment project and the Group also has to compensate any potential loss to the Class P participating shareholders up to US$103,000,000, approximately to 69% of the principal contributed by Class P participating shareholders, and concluded that the Group has control over the Haitong Dynamic Fund under HKFRS 10 and the Group has consolidated the assets and liabilities of Haitong Dynamic Fund during the period.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties located in Hong Kong and UK as the Group is not subject to any income taxes on disposal of its investment properties. In respect of those investment properties located in the PRC, the Group recognised additional deferred taxes relating to Land Appreciation Tax ("LAT") and Enterprise Income Tax ("EIT") upon disposal on changes in fair value of such investment properties as appropriate.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Valuation of investment properties

At the end of the reporting period, the Group's investment properties are stated at fair value of approximately HK$3,625,760,000 (31 March 2016: Nil) based on the valuations performed by independent qualified professional valuers. In determining the fair values, the valuers have made reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

In relying on the valuations, the management of the Group has exercised their judgments and is satisfied that the method of valuation is reflective of the current market conditions. Details of the carrying amounts of investment properties as at 31 December 2016 are disclosed in Note 17.

Valuation of financial assets designated as at FVTPL – distressed debt assets

As at 31 December 2016, the Group's financial assets designated as at FVTPL in relation to the distressed debt assets are carried at fair value of approximately HK$452,600,000. The fair value was determined based on the lower of fair value of the collaterals of the distressed debt assets or the carrying amount of distressed debt assets. The collaterals of the distressed debt assets including residential buildings, industrial and commercial buildings and land use rights in the PRC. The Group engaged an independent qualified professional valuer to perform such valuation. A direct comparison approach was used to determine the fair value of the distressed debt assets by making reference to comparable market transactions of the collaterals and adjusting according to the conditions and natures of the collaterals to arrive at the value for sale under repossession after taking into account the directly attributable costs to sale.

Details of the carrying amounts of financial assets designated as at FVTPL are set out in Note 26.

Estimated impairment of mining rights

While assessing whether any indications of impairment exist for mining rights, consideration is given to both external and internal sources of information. External sources of information of the Group includes changes in the market, economic and legal environment in which the Group operates that are not within its control and affect the recoverable amount of the mining rights. Internal sources of information includes the manner in which the mining rights are being used or are expected to be used and indications of economic performance of the assets and operating results. The carrying amounts of mining rights are reviewed for impairment in accordance with HKAS 36 *Impairment of Assets* whenever certain events or changes in circumstances indicate that the carrying amount may not be recoverable.

Mining rights are assessed annually to determine for any indication of impairment. The Group's cash generating unit ("CGU") for impairment assessment of mining rights is the cash generating unit that holds mining rights (the "Mining CGU").

When an impairment review is undertaken, recoverable amount is assessed by reference to the higher of 1) value in use and 2) fair value less costs to disposal ("FVLCD"). The best evidence of FVLCD is the value obtained from an active market or binding sale agreement. Where neither exists, FVLCD is based on the best information available to reflect the amount the Group could receive for the Mining CGU in an arm's length transaction. The recoverable amount of the mining rights is determined based on the value in use calculation and certain key assumptions. Value in use calculation used the discounted future pre-tax cash flows expected to be derived from the cash-generating unit that holds the mining rights. The key assumptions used in estimating the projected cash flows are tungsten metal estimated selling price, estimated future costs of production, estimated future operating costs, recoverable reserves, resources and exploration potential, discount rates and exchange rates. Changes in tungsten metal estimated selling price, estimated future costs of production, estimated future operating costs, the amount of recoverable reserves, resources and exploration potential, discount rates and exchange rates can result in change of the carrying amounts of the Group's mining rights that may impact the profit or loss.

During the nine months ended 31 December 2016, no impairment loss is recognised for the mining rights as the recoverable amounts are higher than the respective carrying amounts. During the year ended 31 March 2016, an impairment loss of approximately HK$162,812,000 (net of tax) was recognised for the mining rights as the recoverable amounts were lower than the respective carrying amounts. Details of the carrying amounts of mining rights as at 31 December 2016 are disclosed in Note 20.

Estimated impairment of goodwill and intangible assets with indefinite useful lives

Determining whether goodwill and intangible assets with indefinite useful lives are impaired requires an estimation of the recoverable amount of the CGU to which goodwill and intangible assets with indefinite useful lives have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or change in facts and circumstances which results in downward revision of future cash, a material impairment loss/further impairment loss may arise. As at 31 December 2016, the carrying amount of goodwill and intangible assets with indefinite useful lives is approximately HK$24,499,000 (31 March 2016: Nil). Details of the recoverable amount calculation of goodwill and intangible assets with indefinite useful lives are disclosed in Note 21.

6. REVENUE

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

	Nine months ended 31 December 2016 *HK$'000*	Year ended 31 March 2016 *HK$'000*
Sale of petrochemical products	5,314,254	1,035,508
Sale of metal-related products	2,553,001	–
Sale of medical equipment and other general goods	21,851	13,348
Changes in fair value of financial assets designated as at fair value through profit or loss	150,068	–
Changes in fair value of held-for-trading investments	53,308	72,391
Property rental income	2,263	–
Service fees, commission and broking income from business	1,187	–
Effective interest income from loan note receivable *(Note 23)*	6,798	–
	8,102,730	1,121,247

7. SEGMENT INFORMATION

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

For management purpose, the Group is currently organised into seven (year ended 31 March 2016: four) operating divisions summarised as follows:

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

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

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

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

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

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

(vii) Property investment segment – property investment and leasing of properties in the PRC and UK.

Distressed debt asset management segment, financial services segment and property investment segment were new operating segments during the nine months ended 31 December 2016.

Segment revenue and results

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

For the nine months ended 31 December 2016

	Securities investment	Commodity trading	Distressed debt asset management	Mining and exploitation of natural resources	Sales of medical equipment and other general goods	Financial services	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	53,308	7,867,255	150,068	–	21,851	7,985	2,263	8,102,730
Segment results	6,824	(11,602)	133,193	(1,102)	648	4,718	298,395	431,074
Loss on disposal of a subsidiary								(67)
Loss on initial recognition of loan notes								(440)
Share of results of an associate								(46)
Foreign exchange losses, net								(60,974)
Unallocated finance costs								(67,784)
Central administration costs								(93,798)
Profit before tax								207,965

For the year ended 31 March 2016

	Securities investment	Commodity trading	Mining and exploitation of natural resources	Sales of medical equipment and other general goods	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	72,391	1,035,508	–	13,348	1,121,247
Segment results	57,906	1,755	(217,711)	692	(157,358)
Foreign exchange gains, net					2,456
Central administration costs					(3,880)
Loss before tax					(158,782)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current period and prior year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. Segment result represents the profit earned or loss incurred before tax by each segment without allocation of central administration costs including Directors' emoluments, legal and professional fees, office rentals and other operating expenses, foreign exchange gains (losses), net, unallocated finance costs, share of results of an associate, loss on initial recognition of loan notes and loss on disposal of a subsidiary. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	31 December 2016 *HK$'000*	31 March 2016 *HK$'000*
Segment assets		
Securities investment	1,846,081	1,193,483
Commodity trading	1,194,036	184,346
Distressed debt asset management	497,256	–
Mining and exploitation of natural resources	454,584	454,701
Sales of medical equipment and other general goods	8,898	11,997
Financial services	2,063,330	–
Property investment	3,664,866	–
Total segment assets	9,729,051	1,844,527
Interest in an associate	15,301	–
Available-for-sale investments	1,429	–
Deposits paid for potential acquisitions	315,225	10,000
Unallocated property, plant and equipment	163,272	–
Unallocated intangible assets	4,130	–
Other unallocated corporate assets	45,611	32,550
Consolidated assets	10,274,019	1,887,077
Segment liabilities		
Securities investment	388,365	40,546
Commodity trading	809,927	181
Distressed debt asset management	40,409	–
Mining and exploitation of natural resources	93,158	93,571
Sales of medical equipment and other general goods	797	262
Financial services	1,290,291	–
Property investment	1,250,212	–
Total segment liabilities	3,873,159	134,560
Loans from ultimate holding company	–	877,040
Amount due to ultimate holding company	14,728	4,798
Loan notes	1,412,116	–
Loan from a fellow subsidiary	171,444	–
Unallocated secured bank borrowing	498,471	–
Other unallocated corporate liabilities	71,871	12,769
Consolidated liabilities	6,041,789	1,029,167

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

- all assets are allocated to reportable segments other than interest in an associate, available-for-sale investments, deposits paid for potential acquisitions, unallocated property, plant and equipment, unallocated intangible assets and other unallocated corporate assets (including primarily unallocated bank balances and cash).

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

Geographical information

The Group operates in five principal geographical areas – Hong Kong, the PRC, Mongolia, Singapore and UK.

The Group's revenue from external customers by location of the relevant subsidiary's operations and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Nine months ended 31 December 2016	**Year ended 31 March 2016**	**31 December 2016**	**31 March 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Singapore	7,463,263	989,854	2,607	–
The PRC	348,643	129,838	1,572,192	5,763
Hong Kong	289,450	1,555	1,642,824	16,386
UK	1,374	–	2,082,574	–
Mongolia	–	–	454,553	454,553
	8,102,730	1,121,247	5,754,750	476,702

Note: Non-current assets excluded intangible assets, goodwill and interest in an associate.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group for the corresponding period/year are as follows:

	Nine months ended 31 December 2016	**Year ended 31 March 2016**
	HK$'000	*HK$'000*
Customer A	N/A[1]	424,196
Customer B	N/A[1]	220,181
Customer C	4,919,693	147,177
Customer D	N/A[1]	126,178

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for current period.

8. OTHER INCOME

	Nine months ended 31 December 2016 *HK$'000*	Year ended 31 March 2016 *HK$'000*
Interest income from:		
– restricted bank deposits	8,790	–
– bank and other deposits	4,195	245
Referral fee income	–	2,000
Sundry income	3,282	15
	16,267	2,260

9. OTHER (LOSSES) GAIN

	Nine months ended 31 December 2016 *HK$'000*	Year ended 31 March 2016 *HK$'000*
Foreign exchange (losses) gains, net	(60,974)	2,456
Gain (loss) on fair value change of financial derivative contracts	4,104	(2,234)
Loss on initial recognition of loan notes	(440)	–
Loss on disposal of a subsidiary	(67)	–
Profit attributable to the third party's interest in consolidated structured entity	(2,486)	–
	(59,863)	222

10. FINANCE COSTS

	Nine months ended 31 December 2016 *HK$'000*	Year ended 31 March 2016 *HK$'000*
Imputed interest expense on loan from a fellow subsidiary	131	–
Interest expenses on		
– loans from ultimate holding company	32,278	–
– secured bank borrowings	8,704	–
– margin financing	17,825	43
– vendor financing loan	2,991	–
– loan notes	30,626	–
Bank charges	7,983	–
Others	106	–
	100,644	43

11. INCOME TAX EXPENSE (CREDIT)

	Nine months ended 31 December 2016	Year ended 31 March 2016
	HK$'000	*HK$'000*
Current tax:		
The PRC EIT	4,849	4,341
Singapore Corporate Tax ("CIT")	9,677	7,222
Hong Kong Profits Tax	1,464	–
UK Profits Tax	29	–
Over provision in prior year:		
The PRC CIT	(1,604)	–
Singapore CIT	(106)	–
Deferred tax *(Note 40)*	152,549	(54,271)
	166,858	(42,708)

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

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

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

UK Profits Tax is calculated at 20% of estimated assessable profit for the period.

The income tax expense (credit) for the period/year can be reconciled to the profit (loss) before tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	Nine months ended 31 December 2016 *HK$'000* *(Note)*	**Year ended 31 March 2016** *HK$'000* *(Note)*
Profit (loss) before tax	207,965	(158,782)
Tax calculated at the applicable domestic income tax rates	64,143	(40,264)
Tax effect of expenses not deductible for tax purpose	23,585	2,035
Tax effect of income not taxable for tax purpose	(297)	(1,724)
Tax effect of tax losses not recognised	36,139	–
Effect of concessionary tax rates of subsidiaries operating in the Tibet Autonomous Region	(22,322)	(2,755)
Overprovision in prior year	(1,710)	–
Deferred tax effect of LAT in respect of change in fair value of the investment property located in the PRC	68,451	–
Tax effect of income under tax exemption and rebate	(1,131)	–
Income tax expense (credit) for the period/year	166,858	(42,708)

Note: The amounts represented the combined effect of the Group entities basing on actual tax rates applicable for each jurisdiction where the relevant Group entities operate, taking into account of applicable tax concession, if any.

12. PROFIT (LOSS) FOR THE PERIOD/YEAR

	Nine months ended 31 December 2016 *HK$'000*	**Year ended 31 March 2016** *HK$'000*
Profit (loss) for the period/year has been arrived after charging (crediting):		
Directors' emoluments *(Note 13)*	11,611	1,952
Other staff costs:		
– Salaries, wages and other benefits	30,351	5,842
– Retirement benefits	1,163	150
Total staff costs	43,125	7,944
Auditor's remuneration	3,964	750
Cost of inventories recognised as an expense	7,882,354	1,041,520
Depreciation of property, plant and equipment	5,667	423
Amortisation of intangible assets	250	–
Impairment loss on accounts receivable	40	–
Legal and professional fee *(Note)*	66,424	5,328
Operating lease rental in respect of office premises	18,619	2,877
Gross rental income from investment properties	(2,263)	–
Less: direct operating expenses arising from investment properties that generated rental income	46	–
	(2,217)	–

Note: Legal and professional fees mainly related to various corporate projects of the Group including acquisitions of subsidiaries as disclosed in Note 48 during the period/year.

13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executives' emoluments

Directors' and chief executives' remuneration for the period/year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the nine months ended 31 December 2016

	Dr. Liu Hua	Dr. Meng Zhaoyi (appointed on 24 May 2016) (Chairman and chief executive officer)	Mr. Xu Ke (appointed on 1 June 2016)	Mr. Chen Weisong (appointed on 22 June 2016)	Mr. Ye Fei (appointed on 28 October 2016)	Mr. Wong Qiang (appointed on 16 December 2016)	Mr. Chua Hwa Por (resigned on 8 July 2016)	Mr. Hu Yebi (resigned on 28 October 2016)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
EXECUTIVE DIRECTORS									
Fees	–	–	–	–	–	–	–	–	–
Other emoluments									
Salaries, allowances and benefits in kind	1,856	3,028	2,108	1,964	679	286	806	140	10,867
Retirement benefits	14	12	9	11	3	7	6	7	69
Subtotal	1,870	3,040	2,117	1,975	682	293	812	147	10,936

The executive directors' and chief executives' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Mr. Mao Kangfu	Dr. Gao Bin	Ms. Liu Yan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Fees	225	225	225	675
Other emoluments	–	–	–	–
Subtotal	225	225	225	675
Total				11,611

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

For the year ended 31 March 2016

	Mr. Hu Yebi	Mr. Liu Xueheng (resigned on 19 January 2016)	Dr. Liu Hua (appointed on 8 January 2016)	Mr. Chua Hwa Por (appointed on 19 January 2016)	Mr. Mung Bun Man, Alan (resigned on 30 June 2015)	Mr. Mung Kin Keung (resigned on 18 June 2015)	Total
	HK$'000	*HK$'000*	*HK$'000 (Chairman and chief executive officer)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
EXECUTIVE DIRECTORS							
Fees	–	–	–	–	13	60	73
Other emoluments							
Salaries, allowances and benefits in kind	228	192	390	603	–	–	1,413
Retirement benefits	12	–	–	2	–	3	17
Subtotal	240	192	390	605	13	63	1,503

The executive directors' and chief executives' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Mr. Tang Shu Pui, Simon (resigned on 30 June 2015)	Mr. Chee Man Sang, Eric (resigned on 22 July 2015)	Total
	HK$'000	*HK$'000*	*HK$'000*
NON-EXECUTIVE DIRECTORS			
Fees	15	19	34
Other emoluments	–	–	–
Subtotal	15	19	34

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

	Mr. Mao Kangfu (appointed on 5 January 2016)	Ms. Liu Yan (appointed on 18 June 2015)	Dr. Gao Bin (appointed on 20 November 2015)	Mr. Chan Wai Man (resigned on 18 June 2015)	Mr. Tsui Sai Ming, Steven (resigned on 30 September 2015)	Mr. Ng Chun Chuen, David (resigned on 20 November 2015)	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
INDEPENDENT NON-EXECUTIVE DIRECTORS							
Fees	75	139	79	45	30	38	406
Retirement benefit	–	–	9	–	–	–	9
Subtotal	75	139	88	45	30	38	415
Total							1,952

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

With effect from 1 February 2017, Mr. Chua Hwa Por ("Mr. Chua") has been appointed as an executive director and the chairman of the Board of Directors (the "Board"). Dr. Meng Zhaoyi ceased to act as the Chairman of the Board but remained as an executive director and chief executive officer of the Company. In addition, Mr. Tang King Shing has been appointed as an independent non-executive director of the Company effective from 1 February 2017.

No emoluments were paid by the Group to the directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the current period and prior year.

There were no arrangements under which a director waived or agreed to waive any remuneration during the current period and prior year.

(b) Employees' emoluments

The five highest paid employees of the Group during the nine months ended 31 December 2016 included four directors (year ended 31 March 2016: one director), details of whose remuneration are set out in the disclosures above. Details of the remuneration for the nine months ended 31 December 2016 of the remaining one (year ended 31 March 2016: four) highest paid employee who are neither a director nor chief executive of the Company are as follows:

	Nine months ended 31 December 2016	Year ended 31 March 2016
	HK\$'000	*HK\$'000*
Salaries, allowance and other benefits Retirement benefit	1,450	1,792
Retirement benefit	14	203
	1,464	1,995

The number of the highest paid employees who are not the Directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	No. of employees Nine months ended 31 December 2016	Year ended 31 March 2016
Nil to HK$1,000,000	–	4
HK$1,000,001 to HK$1,500,000	1	–
	1	4

14. DIVIDENDS

No interim or final dividend was paid or proposed during the nine months ended 31 December 2016 and year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period.

15. EARNINGS (LOSS) PER SHARE

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

	Nine months ended 31 December 2016 *HK$'000*	Year ended 31 March 2016 *HK$'000*
Earnings (loss)		
Profit (loss) for the period/year attributable to owners of the Company for the purposes of basic earnings (loss) per share	41,263	(116,204)

	Nine months ended 31 December 2016 *'000*	Year ended 31 March 2016 *'000* (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings (loss) per share	2,123,430	1,357,591

For the nine months ended 31 December 2016, the weighted average number ordinary of shares for the purposes of basic earnings per share has been adjusted for the issuance of Rights Shares and share placing in November and December 2016 (details are disclosed in Notes 41(c) and 41(d)).

For the year ended 31 March 2016, the weighted average number of ordinary shares for the purposes of basic loss per share has been adjusted to reflect the bonus element arising from the share placing and share subscriptions of the Company's ordinary shares in July and November 2015 (details are disclosed in Notes 41(a) and 41(b)).

As described in Note 41(c), the Company completed the Rights Issue on 7 November 2016. Since there is a bonus element in the Rights Issue, retrospective adjustment has been made to the weighted average number of ordinary shares for the prior year.

No diluted earnings (loss) per share for the period/year were presented as there were no potential ordinary shares in issue for the period/year.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Aircraft	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 April 2015	–	151	–	–	151
Additions	2,643	6,748	3,075	–	12,466
Exchange realignment	–	(5)	–	–	(5)
At 31 March 2016	2,643	6,894	3,075	–	12,612
Additions	5,270	3,919	12,376	–	21,565
Acquired through acquisition of a subsidiary *(Note 48(i)(f))*	–	–	–	155,000	155,000
Exchange realignment	(163)	(340)	(36)	–	(539)
At 31 December 2016	7,750	10,473	15,415	155,000	188,638
ACCUMULATED DEPRECIATION					
At 1 April 2015	–	30	–	–	30
Provided for the year	135	212	76	–	423
Exchange realignment	–	(2)	–	–	(2)
At 31 March 2016	135	240	76	–	451
Provided for the period	1,067	1,480	1,552	1,568	5,667
Exchange realignment	(13)	(31)	(3)	–	(47)
At 31 December 2016	1,189	1,689	1,625	1,568	6,071
CARRYING VALUES					
At 31 December 2016	6,561	8,784	13,790	153,432	182,567
At 31 March 2016	2,508	6,654	2,999	–	12,161

The above items of property, plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line method at the following rates per annum:

Leasehold improvements	Over the shorter of term of the lease or 5 years
Furniture, fixtures and office equipment	20% to 33.3%
Motor vehicles	20% to 33.3%
Aircraft	14.3%

17. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2015 and 31 March 2016	–
Additions	1,261,374
Acquired through acquisitions of subsidiaries *(Note 48(i)(c) and Note 48(i)(d))*	2,049,856
Changes in fair value recognised in profit or loss	304,430
Exchange realignment	10,100
At 31 December 2016	3,625,760

All of the Group's property interests held to earn rentals or for capital appreciation are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 31December 2016 was approximately to HK$3,625,760,000 and have been arrived at on the basis of valuations carried out by Jones Lang LaSalle Corporation Appraisal and Advisory Limited ("JLL"), GVA Grimley Limited ("GVA") and APAC Asset Valuation and Consulting Limited ("APAC") respectively, independent qualified professional valuers not connected with the Group.

The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

Details of the Group's investment properties and information under Level 3 fair value hierarchy as at 31 December 2016 is as follows:

	HK$'000
Commercial property units located in UK	988,425
Residential property units located in UK	1,074,375
A hotel facility located in the PRC	1,562,960
	3,625,760

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group in the consolidated statement of financial position	Valuation technique(s) and key input(s)	Key observable input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Residential property units located in UK	Market comparable approach Key input is recent market prices per square foot of comparable properties	Recent market price of GBP3,000 per square foot	Key and unobservable input is market price square foot of comparable properties, by taking accounts of the accessibility, size, locations and condition and environment of properties	– The higher the market price per square foot, the higher the fair value
Commercial property units located in UK	Investment approach Key inputs are: – Term yield – Market rent of comparable properties	Monthly market rent per square foot from GBP3.85 to GBP4.17	Key and unobservable inputs are: – Term yield: 5.33% – Market rent of comparable properties, by taking accounts of the accessibility, size, locations and condition and environment of properties	– The lower the term yield, the higher the fair value – The higher the market rent, the higher the fair value
Hotel facility located in the PRC	Income approach Key inputs are: – Term yield – Reversionary yield – Gross rental income derived from the existing leases	Gross monthly rental income of RMB6,600,000	Key and unobservable inputs are: – Term yield: 1.0% to 4.5% – Reversionary yield: 1.5% to 5.0%	– The lower the term yield and reversionary yield, the higher the fair value

There has been no change from the valuation technique used during the nine months ended 31 December 2016. 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.

There were no transfers out of level 3 during the period.

18. GOODWILL

	HK$'000
COST	
At 1 April 2015 and 31 March 2016	–
Arising from acquisition of subsidiaries *(Note 48(ii))*	12,014
At 31 December 2016	12,014

Particulars regarding impairment testing on goodwill are disclosed in Note 21.

19. INTANGIBLE ASSETS

	Trading rights and licenses *HK$'000*	Vehicle license plates *HK$'000*	Customer relationships *HK$'000*	Total *HK$'000*
COST				
At 1 April 2015 and 31 March 2016	–	–	–	–
Acquired through acquisitions of subsidiaries *(Note 48(i)(a), (i)(b), (i)(e) and Note 48(ii))*	8,355	4,130	20,131	32,616
At 31 December 2016	8,355	4,130	20,131	32,616
AMORTISATION				
At 1 April 2015 and 31 March 2016	–	–	–	–
Provided for the period	–	–	250	250
At 31 December 2016	–	–	250	250
CARRYING VALUES				
At 31 December 2016	8,355	4,130	19,881	32,366
At 31 March 2016	–	–	–	–

The trading rights and licenses represents the eligibility rights to trade on or through the Stock Exchange and The Hong Kong Futures Exchange Limited and insurance brokerage license and have no foreseeable limit to the period over which the Group can use to generate cash flows. In addition, the vehicle licence plates were issued by the relevant authorities in the PRC and Hong Kong with no expiration dates.

As a result, the trading rights and licenses and vehicle licence plates are considered by the management of the Group as having indefinite useful lives. These trading rights and licenses and vehicle licence plates will not be amortised until their useful lives are determined to be finite and they are carried at cost less any subsequent impairment losses, if any. Instead, they will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. Particulars regarding impairment testing on trading rights and licenses are disclosed in Note 21 and the management of the Group determined that there was no impairment of vehicle licence plates as their market value exceeds their carrying amount as at the end of the reporting period.

Customer relationships arising from the Hui Kai Holdings Acquisition are initially recognised at fair value and are less any impairment losses and are amortised on a straight line basis over the estimated useful lives of 15 years.

20. MINING RIGHTS

	HK$'000
COST	
At 1 April 2015, 31 March 2016 and 31 December 2016	1,003,034
IMPAIRMENT	
At 1 April 2015	331,410
Impairment loss recognised during the year	217,083
At 31 March 2016 and 31 December 2016	548,493
CARRYING VALUE	
At 31 March 2016 and 31 December 2016	454,541

The mining rights represent the rights to conduct mining activities in the location of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have remaining legal lives of 15 to 20 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. The Directors are of the opinion that the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. There are no active mining operation of the Group has taken place yet during the period/year. The Directors expect that the exploitation of the mines will take place no later than the end of 2018.

Mining rights are included in the mining and exploitation of natural resources segment which is a CGU, representing the Group's subsidiaries – Kainarwolfram LLC and Ikh Uuliin Erdenes LLC that holds mining rights for the purpose of impairment testing. Particulars regarding impairment testing on mining rights are disclosed in Note 21.

21. IMPAIRMENT TESTING ON GOODWILL, INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES AND MINING RIGHTS

Impairment testing on goodwill and intangible assets with indefinite useful lives

For the purposes of impairment testing, goodwill set out in Note 18 and trading rights and licenses set out in Note 19 have been allocated to the CGU represented by financial services business segment.

The recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount of the CGU arising from financial services business segment has been determined on the basis of value in use calculations and certain key assumptions. For the purpose of impairment testing, the value in use calculations use cash flow projections based on financial budgets approved by management of the Group covering a 5-year period and discount rate of 10.9%. Cash flows beyond the 5-year period are extrapolated using a growth rate of 3%.

Other key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGU to exceed the recoverable amount of the above CGU.

Impairment testing on mining rights

During the nine months ended 31 December 2016 and year ended 31 March 2016, there are no active mining operation of the Group has taken place yet, the Directors conducted an impairment assessment of the Mining CGU. For the purposes of impairment testing, the mining rights set out in Note 20 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. The recoverable amounts of mining and exploitation of natural resources segment were determined based on value in use calculation and certain key assumptions. For the purpose of impairment testing, the value in use calculations use cash flow projection based on financial budgets approved by the management of the Group covering a period of two to seven years. The discount rates used for the value in use calculations is 22.06% to 22.21% (31 March 2016: 21.27%–21.83%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include estimated tungsten metal selling price with 1.45% growth rate, recoverable reserves, resources and exploitation potential, production cost estimates, future operating costs, discount rates and exchange rates.

With reference to the assessment, the Directors were of the view that no impairment loss for the nine months ended 31 December 2016 (year ended 31 March 2016: HK$217,083,000) was 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 higher than (31 March 2016: less than) the carrying amount. The impairment made during the year ended 31 March 2016 was primarily due to decline in the selling price tungsten concentrate products.

22. INTEREST IN AN ASSOCIATE

	31 December 2016 *HK$'000*	**31 March 2016** *HK$'000*
Cost of unlisted interest in an associate	15,194	–
Share of post-acquisition losses and other comprehensive income	107	–
	15,301	–

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	**Form of business structure**	**Establishment and operation**	**Proportion of nominal value of registered capital held by the Group**		**Proportion of voting power held**		**Principal activities**
			31 December 2016	**31 March 2016**	**31 December 2016**	**31 March 2016**	
Shanghai Jilan Investment LP* *(Note a)*	Domestic limited partnership	The PRC	40%	86%	40%	86%	Investment holding

Notes:

(a) As disclosed in Note 49, the Group disposed of its 46% equity interest of Shanghai Jilan Investment LP* 上海驥瀾投資中心(有限合夥) ("Jilan") to an independent third party at a consideration of RMB16,000,000 (equivalent to HK$18,523,000) during the nine months ended 31 December 2016. Upon completion of the disposal, the Group has lost the control to Jilan and continued to participate in the partnership meeting, therefore, the remaining 40% equity interest was accounted for as interest in an associate.

(b) On 25 March 2016, the Group entered into a cooperation agreement with four independent third parties to establish an associate, to engage in, among other things, certain investment management and asset management activities and no capital injection was made before 31 March 2016. Pursuant to the cooperation agreement, the initial registered capital of the Chung Tak Investment Funds Management (Zhejiang) Limited* (中德(浙江)高科技股權投資基金管理有限公司) will be RMB50 million (equivalents to approximately HK$58 million). The Group shall hold 30% equity interest of this associate and during the nine months ended 31 December 2016, the Group has partially injected RMB7.0 million (equivalently to approximately HK$8.4 million) into the associate and subsequent to the capital injection, the Group disposed of its entire equity interests to the other three independent third parties at a total consideration of RMB7.0 million (equivalent to approximately HK$7.8 million).

The associate of the Group at 31 December 2016 are considered to be immaterial and the financial information of the associate are also immaterial.

23. LOAN NOTE RECEIVABLE

	HK$'000
Carrying Values	
At 1 April 2015 and 2016	–
Loan notes subscribed	1,550,800
Less: loan notes arrangement fee	(89,992)
At 31 December 2016	1,460,808

During the nine months ended 31 December 2016, the Group entered into a subscription agreement with Haitong Global pursuant to which the Group agreed to subscribe for 50,000 Class R participating shares at a total consideration of US$50,000,000 (equivalent to approximately HK$387,700,000) of Haitong Dynamic Fund.

There are two classes of non-voting shares in the capital of the Haitong Dynamic Fund, namely Class P participating shares and Class R participating shares and the shareholder of Class P participating shares is a company controlled by Haitong International Securities Group Limited, an independent third party not connected with the Group. The principal of the Class P participating shares is US$150,000,000 (equivalent to approximately HK$1,163,100,000) and Haitong Global has appointed Hai Tong Asset Management (HK) Limited as its investment manager of Haitong Dynamic Fund.

The Directors have assessed the facts that i) the purpose of setting up the Haitong Dynamic Fund was initiated by the Group and solely for subscribing loan note issued by an independent third party (the "Borrower") and after the subscription of the loan note, most of the investment capital in the Haitong Dynamic Fund has been used up and no further investment decisions could be made until the maturity of the loan note; ii) in accordance with the subscription agreement, the Group could receive the residual value from Haitong Dynamic Fund after paying the principal and target return, which is 6.5% fixed interest income of the US$150,000,000 principal of the Class P participating shares; and iii) the Group agreed to provide the guarantee in favour of the Class P participating shareholders for the performance of the Haitong Dynamic Fund with the maximum liability of US$103,000,000. After the assessment on all the facts in the subscription agreement, the Directors concluded that Haitong Dynamic Fund created significance exposure to variability of returns to the Group given that the expected return of the Haitong Dynamic Fund reached 28% during the two years term on the existing investment project and the Group also has to compensate any potential loss to the Class P participating shareholders up to US$103,000,000, approximately to 69% of the principal contributed by Class P participating shareholders, and concluded that the Group has control over the Haitong Dynamic Fund under HKFRS 10 and the Group has consolidated the assets and liabilities of the Haitong Dynamic Fund.

During the nine months ended 31 December 2016, Haitong Dynamic Fund has entered into a subscription agreement with the Borrower pursuant to which the Borrower agreed to subscribe for loan note with a principal amount of US$200,000,000 (equivalent to approximately HK$1,550,800,000) at a fixed interest rate of 8% per annum with a maturity period of 2 years. Arrangement fee and advisory fee shall be charged on principal amount at 6% upon issuance of the loan note and the thirteenth month from the loan note issue date amounting to HK$93,051,000, respectively.

Interest income and arrangement fee income amounted to HK$3,739,000 and HK$3,059,000, respectively, have been recognised in profit or loss during the nine months ended 31 December 2016.

24. AVAILABLE-FOR-SALE INVESTMENTS

The amount represents investments in unlisted equity interest in an entity established in the PRC and other investment funds in the PRC.

The investments are measured at cost less impairment at the end of the reporting period because the range of the reasonable fair value estimates is so variable that the Directors are of the opinion that their fair values cannot be measured reliably.

25. INVENTORIES

Inventories represent goods held for resale.

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

During the nine months ended 31 December 2016, the Group acquired distressed debt assets through public tenders in the PRC with collaterals, including plant and machinery, residential buildings, industrial and commercial buildings and land use rights in the PRC. Such distressed debt assets are accounted for as financial assets designated as at fair value through profit or loss according to their investment management strategy. The changes in fair value of financial assets designated as at fair value through profit or loss comprise realised gains from disposal of distressed debt assets and their unrealised fair value changes on the collaterals of distressed debt assets. Any interest income arising from such assets are also included in the changes in their fair values.

As at 31 December 2016, the fair value of the distressed debt assets was determined with reference to a valuation carried out by JLL, an independent qualified professional valuer, amounting to approximately HK$452,600,000 (31 March 2016: Nil).

27. ACCOUNTS RECEIVABLE

	31 December 2016 HK$'000	31 March 2016 HK$'000
Accounts receivable arising from the sales of medical equipment and other general goods	2,907	3,271
Accounts receivable arising from the business of dealing in securities:		
– cash clients	529	–
– margin clients	29,847	–
Accounts receivable arising from the business of dealing in futures and options:		
– clients	26,045	–
– clearing houses, brokers and dealers	25,775	–
	85,103	3,271
Impairment loss in relation to:		
Accounts receivable arising from the business of dealing in securities:		
– margin clients	(40)	–
Total	85,063	3,271
Secured	29,807	–
Unsecured	55,256	3,271
Total	85,063	3,271

The Group allows a credit period of 30 to 120 days (31 March 2016: 30 to 90 days) to its customers in relation to sales of medical equipment and other general goods depending on the type of products sold.

The settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clearing houses, brokers and dealers, and accounts receivable arising from the business of dealing in futures and options are one day after trade date or at specific terms agreed with clearing houses, brokers and dealers.

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

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balance and intends either to settle on a net basis, or to realise the balances simultaneously. Details are set out in Note 46(d).

Before granting credit to customers, the Group reviews the credit quality and defines credit limits by customers. Limits attributed to customers are reviewed once a year and each customer has a maximum credit limit. The Group maintains a defined credit policy to assess the credit quality of the customers and seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. If there are any shortfall between fair value of the collateral pledged by the margin clients and the outstanding balances of accounts receivable arising from the business of dealing in securities, futures and options, the Group will exercise its rights to request the immediate repayments from respective clients and the clients' collateral can be sold at the Group's discretion to settle any outstanding balances.

Account receivable due from margin clients are secured by the pledge of customers' securities as collateral with fair value of HK$22,917,000 as at 31 December 2016 and bear interest with reference to Hong Kong dollar prime rate with spread. The clients' listed securities can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The Group is able to use client's securities up to the amount of 140% of the loans to margin clients as collateral of the Group's borrowings (with client's consent). If the fair value of the collateral pledged by the margin clients is less than the outstanding balances of accounts receivable, the Group will exercise its rights to request the immediate repayments from respective margin client.

The Group assesses at each of the reporting period end whether there is objective evidences that account receivables are impaired. The Group has a policy for determining the allowance for bad and doubtful debts based on the evaluation of collectability and ageing analysis of accounts and on management's judgement, including the current creditworthiness, collateral and the past collection history of each clients/customers. For accounts receivable due from margin clients and cash clients which are past due but not impaired as at 31 December 2016, the fair value of each client's listed securities is higher than the carrying amount of each individual loan to margin client and cash clients in this category or with substantial settlement after the reporting period. Accounts receivable due from margin clients and cash clients of approximately HK$40,000 which are fully impaired as the fair value of client's pledged listed securities is lower than the carrying amount of each individual loan and without substantial settlement after the reporting period. The Group does not hold any collateral over the balances arising from the sales of medical equipment and other general goods.

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

The following is an aged analysis of accounts receivable presented at the end of the reporting period, based on the invoice dates in relation to sale of medical equipment and other general goods which approximated the respective revenue recognition dates:

	31 December 2016	**31 March 2016**
	HK$'000	*HK$'000*
Within 30 days	631	636
31–90 days	1,207	768
91–120 days	185	186
Over 120 days	884	1,681
	2,907	3,271

Included in the Group's accounts receivable are debtors with aggregate carrying amount of HK$78,980,000 (31 March 2016: HK$1,867,000) which are past due at the end of the reporting period but not considered as impaired. The aged analysis of accounts receivable arising from the sales of medical equipment and other general goods which are past due but not impaired is as follow:

	31 December 2016	**31 March 2016**
	HK$'000	*HK$'000*
91–120 days	–	186
Over 120 days	884	1,681
	884	1,867

Majority of the accounts receivable arising from the sales of medical equipment and other general goods that are neither past due nor impaired have no default repayment history and there has not been a significant change in credit quality.

Movements in the impairment allowance for bad and doubtful debts are as follows:

	HK$'000
At 1 April 2015 and 1 April 2016	–
Impairment losses recognised on receivables	40
At 31 December 2016	40

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that no further impairment for bad and doubtful debts is required given the substantial settlement from accounts receivable after the reporting period and the certain accounts receivable amounting to approximately HK$26,404,000 has been undertaken by the former shareholder of Hui Kai Holdings Limited in accordance the term of the Hui Kai Holdings Acquisition.

28. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2016 and 31 March 2016 represented equity securities as follows:

	31 December 2016 *HK$'000*	**31 March 2016** *HK$'000*
Listed equity securities:		
– in Hong Kong	651,856	49,600
– in the PRC	–	711,013
	651,856	760,613

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

29. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2016 *HK$'000*	31 March 2016 *HK$'000*
Refundable deposits paid for potential acquisitions *(Note a)*	315,225	48,981
Deposits paid for acquisition of distressed debt assets	44,656	–
Rental and other deposits	16,559	5,120
Interest receivable	7,521	–
Other receivables	21,864	2,322
Prepayments	4,642	1,326
	410,467	57,749
Less: Deposits paid for potential acquisitions classified under non-current assets *(Note b)*	–	(10,000)
	410,467	47,749

Notes:

(a) The amount as at 31 December 2016 represents a refundable deposit paid to a UK lawyer during the nine months ended 31 December 2016 in relation to a potential acquisition of an entire equity interest of Riverbank House Unit Trust ("Riverbank"). The principal asset of the Riverbank is a property located at 95–103 Upper Thames Street, London EC4. The Directors decided to terminate the acquisition in December 2016 and the amount was subsequently returned to the Group in January 2017 and therefore are classified as current asset.

(b) The amount represents a refundable deposit paid for the Hui Kai Holdings Acquisition and the amount has been utilised to settle part of the consideration upon completion of the Hui Kai Holdings Acquisition. Details are set out in Note 48(ii).

30. FINANCIAL DERIVATIVE CONTRACT

As at 31 December 2016, the amount represents the fair value change on the outstanding foreign currency forward contracts related to the purchase of RMB and the sale of US$ at contract rates ranging from US$6.7178 to US$7.0920 per RMB with future maturity dates ranging from 14 June 2017 to 17 November 2017 at an aggregate notional amount of approximately US$102,954,000, equivalent to approximately HK$798,305,000. The financial derivative contract was measured at fair value, with net fair value loss charged to the profit or loss in current period.

As at 31 March 2016, the amount represents the fair value change on an undelivered metal-related contract amounting to US$9,712,000 (equivalent to approximately HK$75,266,000). The financial derivative contract was measured at fair value, with net fair value gain credited to the profit or loss in prior year. The contract was subsequently closed and delivered on 6 April 2016.

31. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

The pledged bank deposits represent bank deposits placed in a bank account and carried no interest which is restricted for settling a secured bank borrowing with a carrying value of approximately HK$573,000,000 and will be released upon the full settlement of the secured bank borrowing and were therefore classified as non-current assets.

Restricted bank deposits

The restricted bank deposits represent bank deposits restricted by certain bank to secure the issuance of letters of credit in relation to the purchase of metal-related products. The deposits carrying fixed interest ranged from 1.40% to 1.81% per annum. The entire amount will be released upon the settlement of the letters of credit within twelve months from the end of the reporting period and are therefore classified as current assets.

Bank balances and cash

The bank balances and time deposits carry interest at market rates which range from 0.1% to 1.65% (31 March 2016: 0.02% to 2.00%) per annum.

32. ACCOUNTS AND BILLS PAYABLES

	31 December 2016	**31 March 2016**
	HK$'000	*HK$'000*
Accounts payable arising from the business of dealing in securities:		
– clearing house, brokers and dealers	26,022	–
– cash clients	5,582	–
– margin clients	48,634	–
Accounts payable to clients arising from the business of dealing in futures and options	40,340	–
Bills payable arising from the purchase of petrochemical products and metal-related products	790,013	–
	910,591	–

The credit period on of bills payable arising from the purchase of petrochemical products and metal-related products is 365 days.

The settlement terms of accounts payable arising from the business of dealing in securities are two days after trade date or at specific terms agreed with clearing houses. Accounts payable to margin clients and cash clients are repayable on demand. No ageing analysis for accounts payable arising from the business of dealing in securities is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Accounts payable to clients arising from the business of dealing in futures and options are cash deposits received from clients for their trading of these contracts. The required cash deposits are repayable upon the closure of the corresponding futures and options position. The excess of the outstanding amounts over the required cash deposits stipulated are repayable to clients on demand. No ageing analysis for accounts payable to client arising from the business of dealing in futures and options is disclosed as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of these businesses.

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

	31 December 2016 HK$'000	31 March 2016 HK$'000
31–90 days	294,989	–
91–150 days	405,153	–
More than 151 days but within 1 year	89,871	–
	790,013	–

33. ACCRUED LIABILITIES AND OTHER PAYABLES

	31 December 2016 HK$'000	31 March 2016 HK$'000
Consideration payable in relation to Hui Kai Holdings Acquisition *(as defined in Note 48(ii))*	62,877	–
Accrued expenses	39,130	2,121
Other payables	23,356	277
Rental income receipt in advance	4,579	–
Interest payable	10,472	–
Other tax payable	10,952	–
	151,366	2,398

34. BORROWINGS

	31 December 2016 HK$'000	31 March 2016 HK$'000
Secured variable-rate bank borrowing *(Note a)*	1,598,250	–
Less: loan raising costs	(8,865)	–
	1,589,385	–
Margin financing *(Note b)*	310,590	40,245
Vendor financing loan *(Note c)*	31,121	–
	1,931,096	40,245

Notes:

(a) As at 31 December 2016, the variable-rate bank borrowings of approximately HK$1,098,250,000 carried interest at the London Interbank Offered Rates ("LIBOR") plus a margin of 1.8% to 2.65% per annum, which the effective interest rates are ranged from 2.39% to 3.01% per annum. The remaining variable-rate borrowing of approximately HK$500,000,000 carried interest at the Hong Kong Interbank Offered Rates ("HIBOR") plus a margin of 2.8% carried per annum, which the effective interest rate is 3.36% per annum.

(b) The margin financing was arranged with securities brokers which are independent third parties. As at 31 December 2016, the variable-rate margin financing of approximately HK$302,820,000 (31 March 2016: Nil) carried interest at the Hong Kong banks' prime rate minus a margin of 2.8% per annum and repayable on demand. The effective interest rate is 2.45% per annum. The remaining fixed rate margin financing of approximately HK$7,770,000 (31 March 2016: HK$40,245,000), carried at effective interest rates ranging from 4.0% to 6.7% (31 March 2016: 5.0% to 6.0%) per annum and repayable on demand.

(c) As at 31 December 2016, the vendor financing loan was arranged in relation to the purchase of distressed debt assets, carried at effective interest rate at 10.5% per annum and repayable within one year.

Details of charges over the borrowings are disclosed in Note 50.

	31 December 2016 *HK$'000*	**31 March 2016** *HK$'000*
The carrying amounts of the above borrowings are within one year *(Note)*	564,141	–
The carrying amount of secured bank borrowings that contains a repayment on demand clause (shown under current liabilities) but contractually repayable as follows:		
Within one year	393,955	40,245
More than one year, but not exceeding two years	105,969	–
More than two years, but not exceeding three years	317,906	–
More than three years, but not exceeding four years	549,125	–
	1,366,955	40,245
	1,931,096	40,245
Less: Amounts due within one year shown under current liabilities	(1,931,096)	(40,245)
Amounts shown under non-current liabilities	–	–

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

35. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

The amount is unsecured, interest free and repayable on demand.

36. LOAN NOTES

	HK$'000
CARRYING VALUES	
At 1 April 2015 and 2016	–
Loan notes issued	1,395,000
Loss on initial recognition of loan notes	440
Less: transaction costs incurred	(13,950)
Interest expense charged during the period	30,626
At 31 December 2016	1,412,116

On 28 September 2016, the Company entered into the Loan Notes Subscription Agreement with the Investors pursuant to which the Company conditionally agreed to issue, and the Investors conditionally agreed to subscribe for, the Loan Notes in the aggregate principal amount of not more than US$180,000,000 (equivalent to approximately HK$1,395,000,000) with an initial term of 2 years from the date of issue, which may be extended for a further term of one year by the Company with the consent of the Loan Notes Holders. The Loan Notes were fully subscribed by the Investors on 30 September 2016.

Pursuant to the Loan Notes Subscription Agreement, in consideration of the subscription of the Loan Notes by the Investors, the Company conditionally agreed to grant the warrants to the Investors. The Warrant Holders can subscribe for up to 279,000,000 shares of the Company at an initial warrant shares subscription price of HK$1.0 per warrant share during the warrants subscription period. The warrant shares subscription price is subject to adjustment according to the terms and conditions of the warrants instrument.

If Loan Notes Holders are also Warrant Holders, such Loan Notes Holders shall have the option to elect to use all or part of the outstanding principal amount of the Loan Notes held by such Loan Notes Holders to set off the relevant exercise moneys payable upon the exercise of the warrants held by such Loan Notes Holders. If the Loan Notes have not been converted, they will be redeemed by the Company at maturity.

The Loan Notes bear interest at the rate of 5% fixed coupon rate per annum calculated by reference to the principal amount thereof and payable semi-annually in arrears on 30 September and 31 March of each year, commencing with the first interest payment date falling on 31 March 2017. Each warrant outstanding as at the last day of its Warrants Subscription Period (as defined in the announcement dated 28 September 2016) shall be redeemed by the Company on the last day of its Warrants Subscription Period at the redemption price which shall be an amount that will yield a 15% return on the initial subscription price paid for the Loan Notes per annum calculated from the Loan Notes closing date. The warrants shall be transferable by the Warrant Holders in whole amounts or integral multiples of the warrant shares subscription price.

Should there are no warrants being granted by the date falling six calendar months after the first closing date of the Loan Notes, or any other date as agreed in writing between the Loan Notes Holders and the Company (the "Warrants Long Stop Date") (i.e. 30 March 2017), in accordance to the Loan Notes Subscription Agreement, the Loan Notes Holders can exercise early redemption rights by giving a written notice of early redemption to the Company and all or any of the Loan Notes held by such Loan Notes Holders are immediately due and repayable at a redemption price (the "No Warrant Early Redemption Price").

The No Warrant Early Redemption Price shall be the amount equivalent to the sum of (i) the outstanding principal amount of the Loan Notes to be redeemed by such Loan Notes Holders; (ii) unpaid interest accrued on the Loan Notes from the issue date to (and including) the date of full payment of the No Warrant Early Redemption Price; (iii) unpaid default interest (if any) accrued on the Loan Notes; (iv) such amount as would result in an internal rate of return of 9.1% per annum on the outstanding principal amount of the Loan Notes to be redeemed from the issue date to (and including) the date of full payment of the No Warrant Early Redemption Price; and (v) all other outstanding amounts payable by the Company to the Loan Notes Holders under the other transaction documents.

In accordance with the Loan Notes Subscription Agreement, the Group pledged all the shares of two wholly-owned subsidiaries, namely, Best Future Investments Limited and Hongrong Financial Holding (Shenzhen) Co., Ltd to a security agent, Songhua Investment Holding Limited who held the equity interests on behalf of the Investors as collaterals. The collaterals will be discharged when the net assets value of the Group exceeds HK$3,000,000,000 and debt ratio not exceeding 200%. The Loan Notes were guaranteed by the ultimate holding company of the Company, Mr. Chua and his wholly-owned company. As at 31 December 2016, the above said conditions are fully satisfied and the Charges are released.

Transaction costs directly attributable to the issuance of Loan Notes amounting to HK$13,950,000 are included in the carrying amount of the Loan Notes and amortised over the period of the Loan Notes using the effective interest method.

As at 31 December 2016, the Company has not yet fulfilled all the substantive conditions precedent for granting the warrants to the Loan Notes Holders pursuant to the Loan Notes Subscription Agreement, the Directors considered that the probability of fulfilling all substantive conditions and issuing the warrants within the Warrants Long Stop Date is remote. Subsequent to the reporting period, the management of the Group has negotiated with the Loan Notes Holders for not granting any warrants and the Loan Notes Holders agreed to exercise their rights to demand for immediate repayment of the Notes at No Warrant Early Redemption Price at the end of Warrant Long Stop Date, which is 30 March 2017 and therefore, considering the facts above, the Loan Notes would be accounted for as a straight bond carried at 9.1% interest per annum and repayable on 30 March 2017. The fair value of the Loan Notes are measured based on the present value of the redemption amount at maturity with reference to a valuation report carried out by an independent qualified professional valuer, JLL, on the Loan Notes subscription date (i.e. 30 September 2016).

Subsequent to the initial recognition, the Loan Notes were carried at amortised cost using the effective interest method and the effective interest rate of the Loan Notes is 9.1% per annum.

Details of the issue of the Loan Notes were set out in the Company's announcement dated 29 September 2016.

37. LOANS FROM ULTIMATE HOLDING COMPANY

The amounts were unsecured, interest bearing at 4.5% per annum and repayable within eighteen months since the draw down date. The entire amounts have been fully settled during the nine months ended 31 December 2016.

38. LOAN FROM A FELLOW SUBSIDIARY

As at 31 December 2016, the loan from a fellow subsidiary, Tai He Financial Group Limited, with carrying amount of HK$171,444,000 (31 March 2016: Nil) is unsecured, interest bearing at 4.75% per annum, repayable on 28 December 2018 and denominated in RMB. The loan is measured at amortised cost, based on the present value of the estimated future cash outflow discounted using the effective interest rate of 7% per annum and the initial fair value adjustment on loan from a fellow subsidiary is recognised as deemed capital contribution.

39. OTHER NON-CURRENT LIABILITIES – INTEREST IN CONSOLIDATED STRUCTURED ENTITY

As disclosed in Note 23, the Group had consolidated an investment fund structured entity. For the investment fund where the Group involves as investor, the Group assesses whether the investment it held creates exposure to variability of returns from the activities of the investment fund that is of such significance and the guarantee given to the other investors that it indicates that the Group is a principal.

Third-party interest in consolidated structured entity consist of third-party shareholder's interest in consolidated structured entity which are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to third-party shareholder's interest in consolidated structured entity cannot be predicted with accuracy since these represent the interest of third-party shareholder in consolidated investment fund that are subject to the actions of third-party shareholder.

For the nine months ended 31 December 2016, profit attributable to the third party's interest of approximately of HK$2,486,000 (year ended 31 March 2016: Nil) in consolidated structured entity is presented in other (losses) gain in the consolidated statement of profit or loss and the third party's interest in consolidated structured entity, including the principal and profit shared from the investment fund structured entity, amounted to approximately HK$1,165,586,000 (31 March 2016: Nil) as at 31 December 2016 are included in other non-current liabilities in the consolidated statements of financial position.

Summarised financial information in respect of the Group's consolidated structured entity is set out below. The summarised financial information below represents amounts shown in the consolidated structure entity's financial statements prepared in accordance with HKFRSs.

	31 December 2016 *HK$'000*
Current assets	98,771
Non-current assets	1,460,808
Current liabilities	73,977

The above amounts of assets and liabilities include the following:

Cash and cash equivalent	94,987
Loan note receivable	1,460,808
Dividend payable	73,663

	Nine months ended 31 December 2016 *HK$'000*
Revenue for the period	6,798
Profit and total comprehensive income for the period	5,451

40. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current period and prior year:

	Revaluation of financial assets designated as at FVTPL	**Revaluation of mining rights**	**Revaluation of investment properties**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	–	147,429	–	147,429
Credit to profit or loss for the year *(Note 11)*	–	(54,271)	–	(54,271)
At 31 March 2016 and 1 April 2016	–	93,158	–	93,158
Exchange realignment	(48)	–	(206)	(254)
Charge to profit or loss for the period *(Note 11)*	8,041	–	144,508	152,549
At 31 December 2016	7,993	93,158	144,302	245,453

At the end of the reporting period, the Group has unused tax losses of approximately HK$144,494,000 (31 March 2016: HK$43,585,000) available for offset against future profits subject to approval from the relevant tax authority. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$81,288,000 (31 March 2016: nil) that will expire from 2017 to 2021. Other losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiaries in the PRC amounting to approximately HK$152,128,000 as at 31 December 2016 (31 March 2016: HK$23,562,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004.

41. SHARE CAPITAL

	Number of shares	Share capital
	'000	*HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 April 2015, 31 March 2016 and 31 December 2016	34,566,667	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 April 2015	1,045,913	52,296
Placement of new shares on 6 July 2015 *(Note a)*	205,000	10,249
Subscription of new shares on 30 November 2015 *(Note b)*	250,180	12,509
At 1 April 2016	1,501,093	75,054
Subscription of new shares *(Note c)*	3,002,185	150,110
Placement of new shares *(Note d)*	300,000	15,000
At 31 December 2016	4,803,278	240,164
Authorised preference shares at HK$0.05 per share		
At 1 April 2015, 31 March 2016 and 31 December 2016	5,433,333	271,666
Issued and fully paid preference shares at HK$0.05 per share		
At 1 April 2015, 31 March 2016 and 31 December 2016	–	–

Notes:

(a) On 13 June 2015, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 205,000,000 placing shares to independent investors at a price of HK$0.88 per share. On 6 July 2015, the conditions set out on the placing agreement have been fulfilled and the placing was completed. The net proceeds derived from the placing amounted to approximately HK$177,698,000 and resulted in the increase in share capital of HK$10,249,000 and share premium of approximately HK$170,150,000, net of transaction costs of approximately HK$2,701,000.

(b) On 11 November 2015, the Company and a subscriber entered into a subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 250,180,000 new shares to the subscriber at a price of HK$0.66 per share. The completion of the subscription was took place on 30 November 2015 with net proceeds of approximately HK$165,119,000 and resulted in the increase in share capital of HK$12,509,000 and share premium of approximately HK$153,211,000, net of transaction costs of approximately HK$601,000.

(c) On 1 September 2016, the Company entered into an underwriting agreement, pursuant to which the Company has conditionally agreed to allot and issue 3,002,184,872 Rights Shares at the subscription price of HK$1.00 per Rights Shares on the basis of two Rights Shares for every one existing ordinary share of the Company held on 21 October 2016 (the "Subscription"). The subscription was completed on 7 November 2016 with net proceeds of approximately HK$2,991,242,000 and resulted in the increase in share capital of HK$150,110,000 and share premium of approximately HK$2,852,075,000, net of transaction costs of approximately HK$10,943,000.

(d) On 15 December 2016, the Company entered into a placing agreement with a Placing Agent whereby the Company agreed to place, through the Placing Agent, 300,000,000 new shares of the Company to no less than six placees at a price of HK$1.2 per share. The Placement was completed on 30 December 2016 with net proceeds of approximately HK$358,172,000 and resulted in the increase in share capital of HK$15,000,000 and share premium of approximately HK$345,000,000, net of transaction costs of approximately HK$1,828,000.

42. NON-CONTROLLING INTERESTS

	Share of net assets of subsidiaries
	HK$'000
At 1 April 2015	2,885
Share of profit for the year	130
Capital contribution from non-controlling interests	6,000
At 31 March 2016	9,015
Share of loss for the period	(156)
Share of translation reserve	(383)
Disposal of a subsidiary *(Note 49)*	(5,426)
At 31 December 2016	3,050

There were no transactions with non-controlling interests during both reporting period.

43. OPERATING LEASES

The Group as lessor

Property rental income earned during the nine months ended 31 December 2016 was approximately HK$2,263,000 (year ended 31 March 2016: Nil). The investment properties are expected to generate rental yield of 5.70% on ongoing basis. Almost all of the properties held have committed tenants for the next one to ten years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	31 December 2016	**31 March 2016**
	HK$'000	*HK$'000*
Within one year	142,011	–
In the second to fifth years inclusive	568,042	–
Over five years	682,021	–
	1,392,074	–

The Group as lessee

Minimum lease payments paid under operating lease in respect of office premises during the nine months ended 31 December 2016 was approximately HK$18,619,000 (31 March 2016: HK$2,877,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rental premises which fall due as follows:

	31 December 2016 *HK$'000*	**31 March 2016** *HK$'000*
Within one year	24,130	17,804
In the second to fifth years inclusive	34,880	44,370
	59,010	62,174

During the nine months ended 31 December 2016 and year ended 31 March 2016, operating lease payments represent rentals payable by the Group for certain of its office premises. Leases for properties are negotiated for a term ranging from three to five years (31 March 2016: three to five years) with fixed rentals.

44. RELATED PARTY DISCLOSURES

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with related parties during the nine months ended 31 December 2016:

(a) Transactions with related parties

	Nine months ended 31 December 2016 *HK$'000*	**Year ended 31 March 2016** *HK$'000*
Rental expenses paid to a related company *(Note (i))*	–	65
Interest expense on loans from ultimate holding company *(Note (ii))*	32,278	–
Imputed interest expense from loan from a fellow subsidiary *(Note (iii))*	131	–

As at 31 December 2016, the Group has a bank borrowing with an outstanding amount of HK$500,000,000 guaranteed by the ultimate controlling shareholder and secured by office premises in Hong Kong owned by the ultimate controlling shareholder.

Notes:

(i) Rental expenses paid to a related company, in which Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan are common directors prior to their resignation date on 18 June 2015 and 30 June 2015, were made according to the terms of the lease agreement.

(ii) Interest expenses were charged on loans from ultimate holding company. Details of the terms are set out in Note 37. The interest expense for the year ended 31 March 2016 amounting to approximately HK$2,187,000 was waived by the ultimate holding company pursuant to the supplemental agreement.

(iii) Interest expense were charged on loan from a fellow subsidiary. Details of the terms are set out in Note 38.

(b) Compensation of key management personnel

The remuneration of directors, being the key management personnel, are set out in Note 13, which is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. CAPITAL RISK MANAGEMENT

The Group's manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders, to support the Group's stability and growth, and to strengthen the Group's financial management capability.

The capital structure of the Group consists of net debts, which includes borrowings disclosed in Note 34, loan notes disclosed in Note 36, loans from ultimate holding company disclosed in Note 37 and loan from a fellow subsidiary disclosed in Note 38, net of bank balances and cash, and total equity.

The Directors actively and regularly reviews its capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payables to shareholders, issue new shares or raise and repay debts. The Group's capital management objectives, policies or processes were unchanged during the current period and previous year.

The Directors monitor capital using net debts to net debts plus total equity ratio. These ratios as at 31 December 2016 and 31 March 2016 were as follows:

	31 December 2016	**31 March 2016**
	HK$'000	*HK$'000*
Net debts *(Note 1)*	1,497,994	394,654
Total equity *(Note 2)*	4,232,230	857,910
Net debts to net debts plus total equity ratio *(%)*	26.14%	31.51%

Notes:

(1) Net debts equals to borrowings, loan notes, loans from ultimate holding company and loan from a fellow subsidiary less bank balances and cash.

(2) Total equity equals to all capital and reserves of the Group including non-controlling interests.

46. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	31 December 2016 HK$'000	31 March 2016 HK$'000
Financial assets		
Financial assets		
Designated as at FVTPL	452,600	–
Held-for-trading investments	651,856	760,613
Financial derivative contract	–	75,266
	1,104,456	835,879
Loan and receivables (including bank balances and cash)	4,767,962	538,224
Available-for-sale investments	1,429	–
Financial liabilities		
Amortised cost	5,702,266	924,481
Financial derivative contract	12,685	–

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets designated as at FVTPL, loan note receivable, available-for-sale investments, accounts receivable, other receivables, financial derivative contracts, held-for-trading investments, pledged bank deposits, restricted bank deposits, bank balances and cash, accounts and bills payables, other payables, borrowings, amount due to ultimate holding company, loan notes, loans from ultimate holding company, loan from a fellow subsidiary and other non-current liabilities. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk, liquidity risk and distressed assets risks. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency purchases, which expose the Group to foreign currency risk. Approximately 99.8% (31 March 2016: 99.2%) of the Group's purchases is denominated in currencies other than the functional currency of the group entities making the purchases.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31 December 2016	**31 March 2016**	**31 December 2016**	**31 March 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
US$	1,412,116	–	9	–
RMB	790,014	13,789	106,387	228,855
GBP	–	–	315,783	–
HK$	7,770	24,456	36,084	53,754
Singapore Dollar ("SGD")	1,117	–	5,816	–
Inter-company balance				
HK$	1,100,000	–	–	–

The Group conducts periodic review of the exposure and requirements of various currencies and has used forward exchange contracts to hedge against foreign currency exposures as disclosed in Note 30.

Sensitivity analysis

The Group is mainly exposed currency risk related to RMB, HK$, GBP and SGD.

A subsidiary of the Company entered into several foreign currency forward contracts to manage its exposure to exchange rate fluctuations of the RMB denominated bills payables against its functional currency, US$ (see Note 30).

For the entities of which their functional currency is HK$ while holding assets and liabilities denominated in US$, the directors consider that as HK$ is pegged to US$, the Group is not subject to significant foreign currency risk from change in foreign exchange rate of HK$ against US$ and hence only consider the sensitivity of the change in foreign exchange rate of HK$ against currencies other than US$. The sensitivity analysis includes only outstanding monetary items which are denominated in relevant foreign currencies and adjusts its translation at the period/year end for a 5% change in relevant foreign currencies exchange rates.

The following table details the Group's sensitivity to a 5% (31 March 2016: 5%) increase and decrease in the functional currency of the group entities against the relevant foreign currencies. 5% (31 March 2016: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The analysis illustrates the impact for a 5% strengthening of the functional currency of the relevant group entities against the relevant currency and a positive and negative number below indicates an increase and a decrease in profit respectively. For a 5% weakening of the functional currency of the relevant group entities against the relevant currency, therefore would be an equal and opposite impact on the profit.

	RMB Impact (i)		HK$ Impact (ii)		GBP Impact (iii)		SGD Impact (iv)	
	31 December 2016	**31 March 2016**	**31 December 2016**	**31 March 2016**	**31 December 2016**	**31 March 2016**	**31 December 2016**	**31 March 2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Decrease) increase in profit for the period/(increase) decrease in loss for the year	28,371	(10,375)	40,420	(1,081)	(13,814)	–	(195)	–

(i) This is mainly attributable to the exposure on outstanding bank balances and bills payables denominated in RMB at the period/year end.

(ii) This is mainly attributable to the exposure on outstanding bank balances, held-for-trading investments, borrowings and an inter-company balance denominated in HK$ at the period/year end.

(iii) This is mainly attributable to the exposure on outstanding bank balances and deposits paid for potential acquisitions denominated in GBP at the period/year end.

(iv) This is mainly attributable to the exposure on outstanding bank balance and other payables denominated is SGD at the period/year end.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the period/year end exposure does not reflect the exposure during the period/year.

(ii) Interest rate risk

As at 31 December 2016, the Group is mainly exposed to cash flow interest rate risk due to the fluctuation of market interest rate on accounts receivable from margin clients as disclosed in Note 27, variable-rate bank balances in Note 31 and variable-rate borrowings in Note 34. It is the Group's policy to keep majority of its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to loan note receivable, fixed-rate borrowings, loan notes, loans from ultimate holding company, loan from a fellow subsidiary, other non-current liabilities and restricted bank deposits.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of HIBOR, LIBOR and Hong Kong Prime Rate arising from the Group's variable interest rate instrument. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings and accounts receivable from margin clients at the end of reporting period. The analysis is prepared assuming these outstanding balances at the end of the reporting period were outstanding for the whole period. A 50 basis points (31 March 2016: 50 basis points) increase or decrease which represents management's assessment of the reasonably possible change in interest rates is used.

If interest rates had been 50 basis points (31 March 2016: 50 basis points) higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended 31 December 2016 would decrease/increase by approximately HK$9,312,000 (year ended 31 March 2016: Nil).

The Group's exposure to bank balances was not included in the above analysis as the management considers that the exposure to these risks for bank balances is insignificant.

(iii) Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities which are classified as held-for-trading investments. The Directors manage this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange of Hong Kong Limited. The Group currently does not use any derivative contracts to hedge its exposure to other price risk. However, the management has appointed a team to monitor the price risk and will consider hedging the risk exposure should that needs arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. A 10% (31 March 2016: 10%) higher/lower are used which represents management's assessment of the reasonably possible charge in equity price. If the prices of the respective equity instruments had been 10% (31 March 2016: 10%) higher/lower, pre-tax profit for the nine months ended 31 December 2016 would increase/decrease by approximately HK$65,186,000 (31 March 2016: HK$76,061,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

As at 31 December 2016 and 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team to compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. In addition, the Group reviews the recoverable amount of accounts receivable as disclosed in Note 27 on an individual basis at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk on the loan note receivable as disclosed in Note 23 amounting to approximately HK$1,460,808,000. Credit risk is considered as limited because the counterparty is a company listed on the Stock Exchange with sufficient working capital as at 31 December 2016.

The credit risk on pledged bank deposits, restricted bank deposits and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC with high credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and the loan note receivable, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers and across diverse geographical areas.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

Up to the date of these consolidated financial statements that were authorised for issuance, the Group entered into a loan facility agreement amounting to HK$210,000,000 with an independent third party and such loan facility carried interest at 6% per annum and will not be expired in the next 12 months from the date of these consolidated financial statements were authorised for issuance. The Group has fully drawn down the loan facility on 21 March 2017. In addition, a secured borrowing amounting to HK$525,250,000 as at 31 December 2016, which would be repaid in November 2017 in accordance with the scheduled repayment dates as set out in the loan agreement, is expected to be renewed considering the strength of the Group's performance and business prospects. Taking into account of the internally generated funds of the Group, the directors of the Company are of the opinion that, the Group has sufficient working capital for its present requirements for the next twelve months from the date of this report to meet in full its financial obligations as and when they fall due in the foreseeable future.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

Liquidity table

	Weighted average interest rate	On demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows as at 31 December 2016	Carrying amount at 31 December 2016
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities							
Accounts and bills payables	–	120,576	–	790,015	–	910,591	910,591
Other payables	–	96,705	–	–	–	96,705	96,705
Borrowings	2.95	1,490,206	4,471	573,832	–	2,068,509	1,931,096
Amount due to ultimate holding company	–	14,728	–	–	–	14,728	14,728
Loan notes	9.11	10,501	1,462,329	–	–	1,472,830	1,412,116
Loan from a fellow subsidiary	7.00	–	–	–	178,624	178,624	171,444
Other non-current liabilities	6.50	–	–	75,602	1,238,702	1,314,304	1,165,586
		1,732,716	1,466,800	1,439,449	1,417,326	6,056,291	5,702,266
Derivatives – net settlement							
Financial derivative contract	–	–	–	12,685	–	12,685	12,685

	Weighted average interest rate	On demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows as at 31 March 2016	Carrying amount at 31 March 2016
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities							
Other payables	–	2,398	–	–	–	2,398	2,398
Borrowings	5.34	40,245	–	–	–	40,245	40,245
Amount due to ultimate holding company	–	4,798	–	–	–	4,798	4,798
Loans from ultimate holding company	4.50	39,467	–	894,586	–	934,053	877,040
		86,908	–	894,586	–	981,494	924,481

Borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2016, the aggregate principal amounts of these borrowings amounted to HK$1,366,955,000 (31 March 2016: Nil). Taking into account the Group's financial position, the Directors believe that it is probable that the banks will not exercise their discretionary rights to demand immediate repayment. The Directors believe that these borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for borrowings with a repayment on demand clause. To the extent that interest flows are floating rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

	Weighted average interest rate	On demand or less than 1 month	1–3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings with repayment on demand clause							
As at 31 December 2016	2.75	4,610	8,087	433,248	1,033,297	1,479,242	1,366,955
As at 31 March 2016	–	–	–	–	–	–	–

The amounts scheduled above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Risk management of distressed debt assets

(i) Overview

Risk of distressed debt assets represents the potential loss that may arise from counterparty's failure to meet its obligation or changes in market conditions that lead to decline in asset value. Risk of distressed debt assets can also arise from operational failures due to unauthorised or inappropriate purchase, disposal or management activities, which result in the recoverable amount of the distressed debt assets lower than their carrying amounts. The Group's distressed debt assets risk arises from distressed debts which the Group initially classifies as financial assets designated as at FVTPL.

(ii) Risk management of distressed debt assets

The Group exercises standardised management procedures, including project initiation, due diligence investigation, design and approval of recovery plan and continuous monitoring and management. The Group enhances its risk management by strengthening investigation, review and approval procedures before taking up the distressed debt assets, and monitoring measures after taking up the distressed debt assets; enhancing risk mitigation effect through collateral; and continuously upgrading the management system of distressed debt assets. Specifically, the risks to which distressed debt debts initially designated as at FVTPL mainly comprise valuation risk, legal title risk and to certain extent credit risk.

(iii) Valuation risk

Valuation risk is the risk of negative impact arising from the difference between actual results and value estimations that the Group would use in its management of distressed debt assets designated as at FVTPL, due to variance in factors including future cash flows, collection period, discount rate, and disposal cost, etc. Measures the Group takes to minimize the valuation risk include:

- Perform investigation strictly on the parties involved in the transaction (including the debtors and the guarantors), collateral provided, repayment sources, etc.; and

- Adopt conservative estimation on incurrence rate, discount rate, and disposal cost when performing valuation and review the difference between actual results and estimation after the completion of the disposal of distressed debt assets to improve the accuracy of future estimations.

The Group has established an independent valuation process for financial assets. The Group has engaged on independent qualified professional valuer for the valuation of financial assets and the Directors performs an independent review of the valuation methodologies, inputs, assumptions and valuation results. The finance department records these items and prepares the disclosure of the financial assets, based on the independently reviewed valuation.

(iv) Legal title risk

Legal title risk is the risk of loss, arising from the decrease of recoverable amount when the legal rights to claim was partially or entirely lost due to inappropriate daily management of distressed debt assets such as expiry of claim period without taking proper legal actions on time. Measures the Group takes to minimize the legal title risk include:

- Set up alert management system to ensure the expiry of legal claim periods related to distressed debt assets are managed effectively;
- Set up periodic revisiting mechanism to interview debtors and monitor the conditions of collateral. Maintain regular investigation report properly to ensure the Group has access to the most updated information; and
- Set up reporting mechanism of significant event to ensure immediate recovery action be taken when certain risk elements emerge.

(v) Credit risk

Certain distressed debt assets designated as at FVTPL may be subject to credit risk. Depending on the status of the obligor of distressed debt assets that are designated as at FVTPL, the Group may decide to pursue repayment from the obligor instead of disposing it to third party, credit risk arises in such situation.

Credit risk represents the potential loss that may arise from a customer or counterparty's failure to meet its obligation. Measures the Group takes to minimize the credit risk of distressed debt assets include:

- Manage the creditworthiness of counterparties using independent credit rating on the counterparties as reference;
- Select counterparties with appropriate creditworthiness and repayment capability; and
- Require counterparties to provide collateral to cover the credit exposure.

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurements and valuation processes

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Directors are responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique and inputs used).

Financial assets/ financial liabilities	Fair value as at 31 December 2016 *HK$'000*	Fair value as at 31 March 2016 *HK$'000*	Fair value hierarchy	Valuation technique(s) and key inputs	Relationship of unobservable inputs to fair value
Held-for-trading investments	Asset – 651,856	Asset – 760,613	Level 1	Quoted bid prices in an active market	N/A
Financial derivative contracts	Liability – 12,685	Asset – 75,266	Level 2	31 December 2016: Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates 31 March 2016: Quoted market bid price of the metal-related products available in the market as at the end of reporting period	N/A
Financial assets designated as at FVTPL (distressed debt assets)	Asset – 452,600	–	Level 3	Market comparable approach The key inputs comparable market transaction price per square meter of comparable properties, future construction cost to complete and repossession discount rate	The higher the comparable market transaction price per square meter of comparable properties, the higher the fair value. The higher the future construction cost to complete, the lower the fair value. The higher the repossession discount rate, the lower the fair value

There were no transfers in different levels of the fair value hierarchy between Level 1, 2 and 3 during the period/year.

Reconciliation of Level 3 fair value measurements of financial assets.

	Financial assets designated as at FVTPL
	HK$'000
As at 1 April 2016	–
Recognised in profit or loss *(Note)*	150,068
Purchases	710,056
Disposal	(389,007)
Exchange realignment	(18,517)
As at 31 December 2016	452,600

Note: Included an unrealised fair value gain of approximately HK$92,098,000 in the consolidated statement of profit and loss and other comprehensive income.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

(d) Financial assets and financial liabilities subject to offsetting arrangements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), brokers and dealer, the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC and brokers on the same settlement date and the Group intends to settle on a net basis.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

As at 31 December 2016

	Gross amounts of recognised financial liabilities	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position**	**Net amounts of financial liabilities presented in the consolidated statement of financial position**	**Net amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Description				
Accounts receivable from clearing houses	310,470	(310,470)	–	–
Accounts payable to clearing houses	(336,492)	310,470	(26,022)	(26,022)

No other financial assets and financial liabilities are subject to offsetting, enforceable, master netting arrangements and similar arrangements as at 31 March 2016.

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the consolidated statement of financial position, both of which have been disclosed in the above tables, are measured as follows:

- Amounts due from HKSCC, brokers and brokerage clients – amortised cost

- Amounts due to HKSCC – amortised cost

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position or subject to enforceable master netting arrangements or similar agreements are measured on the same basis as the recognised financial assets and financial liabilities.

47. RETIREMENT BENEFIT SCHEMES

The Group has retirement plans covering a substantial portion of its employees. The principal plans are defined contribution plans.

The Company's subsidiaries in Hong Kong operate the Mandatory Provident Fund Scheme under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The Group's employees are required to join the scheme. The Group has followed the minimum statutory contribution requirement of 5% of eligible employees' relevant aggregated income with a cap of HK$1,500 per employee per month.

The Company's subsidiaries in the PRC and Singapore, in compliance with the applicable regulations of the PRC and Singapore, participated in various pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at a fixed percentage of their covered payroll. The Group has no other obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

The total contributions in respect of the nine months ended 31 December 2016 charged to consolidated statement of profit or loss and other comprehensive income amount to HK$1,232,000 (31 March 2016: HK$176,000).

48. ASSETS AND BUSINESS ACQUISITIONS

During the nine months ended 31 December 2016, the Group had several material acquisitions in acquiring a controlling interest in certain companies for a total consideration of approximately HK$1,319,309,000. For the companies set out in note (i), they did not operate any business prior to the respective dates of acquisitions and accordingly, the Group considers the nature of these acquisitions as acquisitions of assets in substance and the considerations have been attributed to the individual assets acquired and liabilities assumed based on the relative fair values of the individual items. For the acquisition as mentioned in note (ii), the acquisition is considered as business combination under HKFRS 3 and accounted for using acquisition method.

(i) Assets acquisition

(a) Acquisition of San Siu Company Limited ("San Siu")

On 20 June 2016, Tai United Capital Limited, a directly wholly-owned subsidiary of the Company acquired the entire equity interest of San Siu at a consideration of HK$1,800,000. The principal asset of San Siu is a vehicle license plate issued in the PRC, which is being valued at HK$1,800,000.

(b) Acquisition of Citi-Elite Limited ("Citi-Elite")

On 5 July 2016, Tai United Capital Limited, a directly wholly-owned subsidiary of the Company acquired the entire equity interest of Citi-Elite at a consideration at HK$2,330,000. The principal asset of Citi-Elite is a vehicle license plate issued in Hong Kong, which is being valued at HK$2,330,000.

(c) Acquisition of RCBG and MRB Group

On 24 September 2016, BG Residential, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the Vendors, pursuant to which BG Residential has agreed to purchase the entire equity interest of RCBG and MRB Group and accept the assignment of loans from the former shareholder of RCBG and MRB Group. RCBG and MRB Group together legally held 100% equity interest in an entity holding properties located at 6–9 Buckingham Gate, London SW1E 6JP, which is being valued at GBP112,202,000 (equivalent to approximately HK$1,061,431,000).

The aggregate consideration is GBP58,803,000 (equivalent to approximately HK$556,276,000) and the acquisition has been completed on 4 November 2016.

Details of the above were set out in the Company's announcement dated 18 October 2016.

(d) Acquisition of Leon Property Limited

On 24 November 2016, Wide Flourish, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Leon Property Holdings Limited, pursuant to which Wide Flourish has agreed to purchase the entire equity interest of Leon Property Limited and repaid the loan from former shareholders of Leon Property Limited. The principal asset of Leon Property Limited is a property located in Hammersmith, the West of London, which is being valued at GBP103,500,000 (equivalent to approximately HK$988,425,000).

The aggregate consideration is GBP44,950,000 (equivalent to approximately HK$429,954,000) and the acquisition has been completed on 23 December 2016.

Details of the above were set out in the Company's announcements dated 25 November 2016 and 24 January 2017.

(e) Acquisition of Sincere Will Insurance Brokers Limited ("Sincere Will")

On 27 October 2016, Best Shield Enterprises Limited, an indirectly wholly-owned subsidiary of the Company acquired the entire equity interest of Sincere Will at a consideration of HK$650,000. The principal asset of Sincere Will is an insurance brokerage license, which is being valued at HK$500,000.

(f) Acquisition of Mason International Limited ("Mason")

On 28 November 2016, Tai United Continental Company Limited, a directly wholly-owned subsidiary of the Company, acquired the entire equity interest of Mason at a consideration of US$20,000,000 (equivalent to approximately HK$155,000,000). The principal asset of Mason is an aircraft, which is being valued at US$20,000,000 (equivalent to approximately HK$155,000,000).

The relative fair values of assets acquired and liabilities assumed at the acquisition dates are analysed as follows:

	San Siu	Citi-Elite	RCBG and MRB Group	Leon Property Limited	Sincere Will	Mason	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Relative fair value of assets and liabilities recognised at the date of acquisitions:							
Property, plant and equipment	–	–	–	–	–	155,000	155,000
Investment properties	–	–	1,061,431	988,425	–	–	2,049,856
Intangible assets	1,800	2,330	–	–	500	–	4,630
Pledged bank deposits	–	–	–	16,765	–	–	16,765
Deposits, prepayments and other receivables	–	–	–	499	–	–	499
Bank balances and cash	–	–	–	1,004	150	–	1,154
Accrued liabilities and other payables	–	–	(42,873)	(8,418)	–	–	(51,291)
Tax payables	–	–	–	(2,706)	–	–	(2,706)
Borrowings	–	–	(462,282)	(565,615)	–	–	(1,027,897)
Loans from former shareholders	–	–	(443,939)	(276,191)	–	–	(720,130)
Total identifiable net assets acquired	1,800	2,330	112,337	153,763	650	155,000	425,880
Consideration paid for the assignment/settlement of loans from former shareholders	–	–	443,939	276,191	–	–	720,130
Cash consideration paid as at acquisition dates	1,800	2,330	556,276	429,954	650	155,000	1,146,010
Cash consideration paid	1,800	2,330	556,276	429,954	650	155,000	1,146,010
Bank balances and cash acquired	–	–	–	(1,004)	(150)	–	(1,154)
Net cash outflow	1,800	2,330	556,276	428,950	500	155,000	1,144,856

(ii) Business acquisition – Hui Kai Holdings Acquisition

On 29 December 2015, the Group entered into a sale and purchase agreement with Mr. Lo Kwai Sang Dennis ("Mr. Lo") and First Step Securities Limited, a company incorporated in British Virgin Islands with limited liability and is wholly owned by Mr. Lo (collectively referred as the "Original Vendors") to acquire the entire equity interest in Hui Kai Holdings at a cash consideration of HK$170 million (the "December Acquisition"). The principal activities of Hui Kai Holdings are mainly engaged in securities and futures dealing, assets management and money lending business. A refundable deposit amounting to HK$10,000,000 has been paid to the Original Vendors in January 2016 in respect of the December Acquisition. Subsequent to the signing of the agreement of December Acquisition, in light of the high volatility of the stock market, the Group and the Original Vendors believed that it is in the interests for them to take more time to review the receivables of a subsidiary of Hui Kai Holdings, namely Hui Kai Securities Limited, with a view to ascertaining with higher accuracy the amount of receivables that Hui Kai Securities Limited would have at completion.

As such, on 18 January 2016, the Group entered into a termination agreement with the Original Vendors to terminate the December Acquisition (the "Termination Agreement"), and separately entered into a new agreement with Hui Kai Holdings, being the new vendor, to acquire the entire equity interest in certain subsidiaries of Hui Kai Holdings for an aggregate cash consideration up to HK$56 million (the "New Agreement"), and in the meantime has an option at a premium of HK$1 to acquire the entire equity interest in Hui Kai Holdings for a consideration up to HK$120 million within 12 months (the "Call Option Deed"). The refundable deposit paid to Original Vendors under the December Acquisition amounting to HK$10,000,000 has been transferred to Hui Kai Holdings as the deposits under the New Agreement.

Given certain substantive conditions precedent has not yet fulfilled, the acquisition has not completed as at 31 March 2016 and in accordance with the terms of the supplemental agreement signed on 23 May 2016, an additional refundable deposit amounting to HK$5,000,000 has been further paid to Hui Kai Holdings during the reporting period.

On 14 October 2016, the Group served a written notice to Hui Kai Holdings to exercise the call option to acquire the entire equity interest of Hui Kai Holdings.

The acquisition under New Agreement was completed on 24 October 2016 and has been accounted for using the acquisition method.

Consideration transferred:

	HK$'000
Cash paid	108,725
Consideration payable	64,574
	173,299

Acquisition-related costs had been excluded from the cost of acquisition and recognised directly as an expense in the period when incurred within "other operating expenses" line item in the consolidated statement of profit or loss and other comprehensive income. Cumulative acquisition-related costs in respect of Hui Kai Acquisition amounted to HK$2,205,000, of which HK$697,000 was charged to profit or loss in the nine months ended 31 December 2016 with the remaining amount charged to profit or loss in the year ended 31 March 2016.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Intangible assets	27,986
Accounts receivable	83,670
Deposits, prepayments and other receivables	6,205
Bank balances and cash	163,038
Accounts payable	(81,436)
Accrued liabilities and other payables	(1,272)
Tax payable	(2)
Dividend payable to a former shareholder	(36,904)
Total identifiable net assets acquired	161,285

	HK$'000
Net cash inflow arising on acquisition:	
Consideration paid in cash	108,725
Bank balances and cash acquired	(163,038)
Settlement of dividend payable to a former shareholder	36,904
Deposits paid for the Hui Kai Holdings Acquisition	(15,000)
Net cash inflow	(32,409)

	HK$'000
Goodwill arising on acquisition:	
Consideration transferred	173,299
Less: fair value of identified net assets acquired	(161,285)
	12,014

Goodwill arose in Hui Kai Holdings Acquisition because of the cost of the combination include a control premium. In addition, the consideration paid for the combination effectively included amount in relation to the benefit of future market development and the assembled workforce of Hui Kai Holdings. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising from this acquisition is not expected to be deductible for tax purposes.

Impact of acquisition on the results of the Group

Included in the profit for the nine months ended 31 December 2016 is profit of approximately HK$1,573,000 attributable to Hui Kai Holdings. Revenue for the nine months ended 31 December 2016 includes approximately HK$1,065,000 attributable to Hui Kai Holdings.

Had the acquisitions of Hui Kai Holdings been effected at the beginning of the nine months ended 31 December 2016, the total Group amount of revenue and the profit for the nine months ended 31 December 2016 would have been approximately of HK$8,109,122 and HK$50,545,000 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the period, nor is it intended to be a projection of future results.

49. DISPOSAL OF A SUBSIDIARY

On 21 December 2016, the Group had entered into a share transfer agreement with an independent third party to dispose of its 46% equity interest in the subsidiary, Jilan, which engaged in investment holding activities, at a cash consideration of RMB16,000,000 (equivalent to approximately HK$18,523,000). The disposal was completed on the same date, on which date the Group lost control of Jilan. The net assets of Jilan at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Available-for-sale investments	36,496
Held-for-trading investments	904
Deposits, prepayments and other receivables	623
Bank balances and cash	1,094
Accrued liabilities and other payables	(1,131)
Net assets disposed of	37,986

	HK$'000
Loss on disposal of a subsidiary:	
Consideration received	18,523
Fair value of the remaining 40% interest of Jilan *(Note)*	15,194
Net assets disposed of	(37,986)
Non-controlling interests	5,426
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit and loss	(1,224)
Loss on disposal included in the other (losses) gain	(67)

	HK$'000
Net cash inflow arising on disposal of a subsidiary:	
Cash consideration	18,523
Less: bank balances and cash disposed of	(1,094)
	17,429

Note: The Group retained significant influence over Jilan upon completion of the disposal and the Group has accounted for the remaining 40% interest of Jilan as interest in an associate whose fair value at the date of disposal was HK$15,194,000, which determined by the Directors using a discounted cash flow model.

50. CHARGES ON ASSETS

Apart from details of charges of assets in relation to letter of credit as disclosed in Note 32, loan notes as disclosed in Note 36, the Group has the following charges on assets pledged to secure borrowings as set out in Note 34 as at 31 December 2016:

(i) the Group's investment properties with a carrying value of HK$1,074,375,000, as disclosed in Note 17, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$525,250,000.

(ii) the Group's investment properties with a carrying value of HK$988,425,000, as disclosed in Note 17, pledged bank deposits with a carrying value of HK$19,713,000 as disclosed in Note 31, and together with a floating charge over all the assets of a subsidiary of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$573,000,000.

(iii) the Group's held-for-trading investments with a carrying value of HK$651,856,000 (31 March 2016: HK$150,923,000) was pledged to securities brokers to secure for margin financing with an outstanding amount of approximately HK$310,590,000 (31 March 2016: HK$40,245,000).

(iv) the Group's distressed debt assets with a carrying value of HK$215,041,000 were pledged to secure for vendor financing loan with an outstanding amount of approximately HK$31,121,000.

(v) the Group's restricted cash with a carrying value of HK$841,106,000 (31 March 2016: Nil) were pledged to secure for bills payable arising from the purchase of petrochemical products and metal-related products with an outstanding amount of approximately HK$790,013,000 (31 March 2016: Nil).

51. CAPITAL COMMITMENTS

	31 December 2016 *HK$'000*	**31 March 2016** *HK$'000*
Capital expenditure in respect of potential acquisition contracted for but not provided in the consolidated financial statements	–	46,000
Capital expenditure in respect of potential share subscription contracted for but not provided in the consolidated financial statements *(Note)*	592,000	–

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

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

Details of the above are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016 and announcement of the Company dated 27 March 2017.

52. SHARE OPTION SCHEME

The purpose of the share option scheme is to enable the Board to grant options to selected employee or proposed employee (whether full time or part time employee, including any director) of any member of the Group or any invested entity, any supplier of goods or services, any customer, any person or entity that provide research, development or other technological support, any shareholders or any participants who contribute to the development and growth of the Group or any invested entity (the "Eligible Participant") as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high calibre Eligible Participant and to attract human resources that are valuable to the Group.

Pursuant to an ordinary resolution passed by the shareholders on 19 August 2003, the Company had adopted the share option scheme ("2003 Share Option Scheme"), pursuant to which the Board was authorised to grant options to the Eligible Participant. Under the terms of the 2003 Share Option Scheme, it shall be valid and effective for the period of 10 years from 19 August 2003. Hence, the 2003 Share Option Scheme had expired on 19 August 2013 and no further options can be granted pursuant to the 2003 Share Option Scheme. Notwithstanding the expiration of the 2003 Share Option Scheme, the provisions of the 2003 Share Option Scheme remain in full force in all other respects of the outstanding options granted thereunder. No further options were granted or outstanding under the 2003 Share Option Scheme since its expiry.

Pursuant to an ordinary resolution passed by the shareholders on 17 September 2015, the Company adopted a new share option scheme (the "New Share Option Scheme") on 17 September 2015 and shall be valid and effective for a period of ten years commencing on the date of adoption of the New Share Option Scheme (i.e. 16 September 2025) unless terminated earlier by shareholders in general meeting. The number of shares which may be allotted and issued upon exercise of all outstanding options granted under the New Share Option Scheme and any other share option schemes of the Company (including the 2003 Share Option Scheme) must not in aggregate exceed 10% of the total shares in issue on the date of approval of the New Share Option Scheme by the shareholders at the annual general meeting (i.e. 125,091,243 shares) (the "Scheme Mandate Limit") unless the Company obtains a fresh approval from shareholders to renew the Scheme Mandate Limit on the basis that the maximum number of shares in respect of which any options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

The terms of the New Share Option Scheme provide that in granting options under the New Share Option Scheme, the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance criteria to be satisfied before such options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have the discretion in determining the subscription price in respect of any option, provided that the relevant requirements in the Listing Rules are complied with.

The exercise price of the option is to be determined by the Board provided always that it shall be at least the higher of (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Participant), which must be a business day; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the exercise price of the option shall in no event be less than the nominal amount of one share; and (iii) the nominal value of a share.

An offer for the grant of options must be accepted within twenty one days inclusive of the day on which such offer was made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK$1.00. The maximum number of shares issued and to be issued upon exercise of options granted and to be granted under the New Share Option Scheme and any other share option schemes of the Company to any Eligible Participant (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue from time to time (the "Participant Limit"). Any further grant of options in excess of such limit must be separately approved by shareholders with such Eligible Participant and his close associates abstaining from voting.

During the nine months ended 31 December 2016 and year ended 31 March 2016, no share options were granted under the New Share Option Scheme since its adoption on 17 September 2015.

53. MAJOR NON-CASH TRANSACTION

During the nine months ended 31 December 2016, 3,002,184,872 Rights Shares were issued at an exercise price of HK$1.00 per share (see Note 41(c)). Proceeds of HK$1,210,000,000 were offset with all the outstanding loans from ultimate holding company and the remaining proceeds amounting to HK$1,781,242,000 (net of transaction costs) were received in cash.

54. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of principal subsidiaries at 31 December 2016 and 31 March 2016 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital *(Note (a))*	Effective equity interest attributable to the Group		Principal activities
			31 December 2016	31 March 2016	
Directly held subsidiaries					
Bestway Group International Limited	British Virgin Islands ("BVI")	US$1,100	100%	100%	Investment holding
Tectron Pacific Limited	BVI	US$1	100%	100%	Investment holding
Indirectly held subsidiaries					
Prolific Rich Limited	BVI	US$1	100%	100%	Investment holding
Grand Shining Limited	BVI	US$1	100%	100%	Investment holding
Giant Silver Limited	Hong Kong	HK$1	100%	100%	Investment holding and trading business
Sino United Investment Management Limited	Hong Kong	HK$1	100%	100%	Trading business
宏融投資控股(深圳)有限公司(前稱為宏融金控(深圳)有限公司)*	The PRC	31 December 2016: HK$400,000,000 31 March 2016: HK$10,000,000	100%	100%	Trading business
Sino United Energy Pte. Limited	Singapore	US$25,000,000	100%	100%	Commodity trading business and security trading business

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital *(Note (a))*	Effective equity interest attributable to the Group		Principal activities
			31 December 2016	31 March 2016	
Tai United Asset Management Pte., Limited	Singapore	US$1,000,000	100%	100%	Security trading business
西藏安太投資管理有限公司#	The PRC	31 December 2016: RMB500,000,000 31 March 2016: RMB45,000,000	100%	100%	Security trading business
西藏宏融資產管理有限公司#	The PRC	31 December 2016: RMB900,000,000 31 March 2016: RMB300,000,000	100%	100%	Distressed debt asset management
深圳宏融投資諮詢有限公司#	The PRC	31 December 2016: RMB847,451,000 31 March 2016: RMB5,000,000	100%	100%	Investment holding
北京康橋通達有限公司#	The PRC	RMB10,000,000	75%	75%	Trading business
Kainarwolfram LLC	Mongolia	US$100,000	100%	100%	Mining and exploitation of natural resources
Ikh Uuliin Erdenes LCC	Mongolia	US$100,000	100%	100%	Mining and exploitation of natural resources
San Siu Company Limited *(Note b)*	Hong Kong	HK$2	100%	–	Inactive
Tai United Securities Limited (formerly known as Hui Kai Securities Limited) *(Note b)*	Hong Kong	HK$37,145,000	100%	–	Financial services business
Tai United Financial Group Limited (formerly known as Hui Kai Holdings Limited) *(Note b)*	Hong Kong	HK$24,258,462	100%	–	Financial services business

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital *(Note (a))*	Effective equity interest attributable to the Group 31 December 2016	31 March 2016	Principal activities
Tai United Futures Limited (formerly known as Hui Kai Futures Limited) *(Note b)*	Hong Kong	HK$12,000,000	100%	–	Financial services business
Tai United Finance Limited (formerly known as Easy Winning International Limited) *(Note b)*	Hong Kong	HK$600,000	100%	–	Financial services business
Tai United Asset Management Limited (formerly known as Hui Kai Asset Management Limited) *(Note b)*	Hong Kong	HK$5,000,000	100%	–	Financial services business
Mason International Limited *(Note b)*	BVI	US$100	100%	–	Inactive
Citi-Elite Limited *(Note b)*	Hong Kong	HK$1	100%	–	Inactive
Tai United Management Company Limited *(Note b)*	UK	GBP1	100%	–	Investment holding
Leon Property Limited *(Note b)*	Guernsey	GBP1	100%	–	Property Investment
BG Residential Holdings Limited	Jersey	GBP1	100%	–	Investment holding
RCBG Residential (UK) Limited *(Note b)*	UK	GBP0.01	100%	–	Property Investment
MRB Residential Holding Limited *(Note b)*	Jersey	GBP900	100%	–	Property Investment
MRB Residential Limited *(Note b)*	UK	GBP1	100%	–	Property Investment
MRB Residential Partners LLP *(Note b)*	UK	– *(Note c)*	100%	–	Property Investment

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital *(Note (a))*	Effective equity interest attributable to the Group		Principal activities
			31 December 2016	31 March 2016	
Haitong Dynamic Multi-Tranche Investment Fund IV S.P.	Cayman Islands	US$200,000,000	25% *(Note d)*	–	Fund investment

Notes:

(a) All issued share capital are ordinary shares unless otherwise stated.

(b) These entities were newly acquired during the nine months ended 31 December 2016 (see Note 48).

(c) This entity is a partnership established in the UK. No registered share capital available.

(d) The above-mentioned interest holding does not empower the Group for any voting right since they are fund investment. Details of the consolidated structured entity are set out in Note 39.

* Established as a wholly foreign owned enterprise in the PRC.

Established as a limited liability company in the PRC.

All the principal subsidiaries operate predominantly in their respective places of incorporation/ establishment unless specified otherwise under the heading "principal activities".

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at the end of the period or at any time during the period.

55. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	31 December 2016 HK$'000	31 March 2016 HK$'000
Non-current assets		
Interests in subsidiaries	4,343,069	360,080
Property, plant and equipment	7,783	6,386
Deposits for potential acquisitions	–	10,000
Other non-current assets	6,000	–
	4,356,852	376,466
Current assets		
Deposits, prepayments and other receivables	17,608	6,866
Amounts due from subsidiaries	683,354	375,460
Held-for-trading investments	627,545	–
Bank balances and cash	762,605	114,930
	2,091,112	497,256
Current liabilities		
Accrued liabilities and other payables	10,604	1,242
Borrowings	801,292	–
Amount due to ultimate holding company	14,728	4,798
Loans from ultimate holding company	–	80,000
Loan notes	1,412,116	–
Amounts due to subsidiaries	593	–
	2,239,333	86,040
Net current (liabilities) assets	(148,221)	411,216
Net assets	4,208,631	787,682
Capital and reserves		
Share capital	240,164	75,054
Reserves	3,968,467	712,628
Total equity	4,208,631	787,682

Movement in the Company's reserves

	Share premium *HK$'000*	Contributed surplus reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2015	837,222	159,393	(421,552)	575,063
Placing of new shares *(Note 41(a))*	170,150	–	–	170,150
Subscription of new shares *(Note 41(b))*	153,211	–	–	153,211
Transaction cost attributable to placing and subscription of new shares	(3,302)	–	–	(3,302)
Loss for the year	–	–	(182,494)	(182,494)
At 31 March 2016 and 1 April 2016	1,157,281	159,393	(604,046)	712,628
Issue of rights shares *(Note 41(c))*	2,852,075	–	–	2,852,075
Placing of new shares *(Note 41(d))*	345,000	–	–	345,000
Transaction costs attributable to issue of rights shares and placing of new shares	(12,771)	–	–	(12,771)
Profit for the period	–	–	71,535	71,535
At 31 December 2016	4,341,585	159,393	(532,511)	3,968,467

(a) Acquisition of Tai Infinite Holdings Group Limited

On 5 January 2017, the Company entered into a sale and purchase agreement with Mr. Chua, the executive director effective from 1 February 2017, to acquire the entire issued share capital of Tai Infinite Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and its subsidiary (the "Target Group") at a consideration of approximately HK$536,091,000 to be settled by the allotment and issue, credited as fully paid, of 446,742,544 shares of the Company to Mr. Chua. The principal asset of the Target Group is the commercial building located at 79th Floor, The Center, 99 Queen's Road Central, Hong Kong.

On 24 March 2017, all the conditions precedent has been fulfilled and the acquisition was completed on the same date. The Company had allotted and issued 446,742,544 shares to, TAI Capital LLC, a company wholly owned by Mr. Chua, at the issue price of HK$1.20 per share to satisfy the consideration of the acquisition. As the Target Group did not operate any business prior to the acquisition date, the acquisition is considered as an asset acquisition.

The management of the Company is still in the process of assessing the financial impact of the acquisition. Details of the above are set out in the announcements of the Company dated 5 January 2017 and 24 March 2017.

(b) Potential share subscription of Hua Lien

On 27 March 2017, the Directors considered that the conditions precedent of the subscription agreement have not been fulfilled by the long stop date specified in the subscription agreement and the Directors has decided not to proceed with further negotiation to amend or extend the subscription agreement. The subscription agreement therefore has lapsed and the subscription contemplated thereunder will not be proceeded. The management of the Company expected that this event has no material financial impact to the Group.

Details of the above are set out in the announcement of the Company dated 27 March 2017.

57. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in the consolidated financial statements with no effect on previously reported result and equity so as to conform to the current year's presentation. Details of the reclassification are set out in Note 1.

3. STATEMENT OF INDEBTEDNESS

As of the close of business on 31 December 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had indebtedness of approximately HK$4,150 million.

Bank borrowings

The total carrying amounts of the Group's outstanding bank borrowings as at 31 December 2017 were approximately HK$887 million. Except for the bank borrowing with carrying amount of approximately HK$398 million which was secured by office premises classified as held-for-sale owned by a subsidiary of the Group and guaranteed by Tai He Financial Group Limited, the remaining bank borrowings with carrying amount of approximately HK$489 million were unguaranteed and secured by investment properties, bank deposits, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group.

Margin financing loans

The total carrying amounts of the Group's outstanding margin financing loans as at 31 December 2017 were approximately HK$1,028 million which were unguaranteed and secured by held-for-trading investments owned by the Company.

Loan instrument

The carrying amount of the Group's outstanding loan instrument as at 31 December 2017 were approximately HK$621 million which was secured by all the equity shares of two then wholly-owned subsidiaries of the Company and unguaranteed.

Other borrowings

The total carrying amounts of the Group's outstanding other borrowings as at 31 December 2017 were approximately HK$288 million. Except for one of the other borrowing with carrying amount of HK$210 million were unsecured and guaranteed by a former director of the Company, the remaining other borrowing with carrying amount of approximately HK$78 million were unsecured and unguaranteed.

Loan from a related company

The total carrying amounts of the Group's outstanding loan from a related company as at 31 December 2017 were approximately HK$122 million and it was unguaranteed and unsecured.

Other liabilities

The total carrying amounts of the Group's other liabilities as at 31 December 2017 were approximately HK$1,204 million and it was unguaranteed and unsecured.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills and other payables in the ordinary course of the business, as at the close of business on 31 December 2017, the Group did not have other material debt securities issued and outstanding or authorised or otherwise created but unissued, mortgage, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirmed that save and except for the below, there was no material change in the financial or trading position or outlook of the Group and the Directors were not aware of any material change on the indebtedness and contingent liabilities of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

In March 2017, the Company entered into a note instrument subscription agreement with an independent third party (the "**Subscriber**"), pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the 8% note (the "**Note**") in the aggregate principal amount of USD80 million with a term of three years from the date of issue. The Note was fully subscribed by the Subscriber in March 2017. As at 31 December 2017, the outstanding amount of the Note of approximately HK$620,904,000 was secured by all the shares of two wholly-owned subsidiaries of the Company, Best Future Investments Limited ("**Best Future**") and Tai United Financial Group Limited ("**TU Financial**").

On 17 January 2018, the Company (as vendor) entered into two sale and purchase agreements with two separate independent third parties (as purchaser) pursuant to which the Company agreed to sell to each of the purchasers 33.5% (i.e. 67% in total) of the issued share capital of Best Future at the cash consideration of HK$52,469,929 (i.e. approximately HK$104,940,000 in total) (the "**Disposal**"). The Disposal was completed on 18 January 2018. Best Future and its wholly-owned subsidiaries are principally engaged in (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the SFO; and (ii) money lending business. After the Disposal, the results of the disposal group will be accounted for as an associated company, and its financial statements will not be consolidated into the consolidated financial statements of the Company.

Therefore, the Group released the charges on equity shares of Best Future and TU Financial for the purpose of disposing its 67% equity interest in Best Future by issuing cashier orders to the Subscriber amounting to HK$650,005,000.

1. RESPONSIBILITY STATEMENTS

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group and the Sellers), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

All directors of Yellowbird Capital jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Company and the Sellers), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

	Closing price *(HK$)*
31 July 2017	1.21
31 August 2017	1.29
29 September 2017	1.34
31 October 2017	1.30
30 November 2017	1.10
29 December 2017	1.01
19 January 2018 (being the Last Trading Day)	1.02
31 January 2018	1.26
28 February 2018	1.03
26 March 2018 (being the Latest Practicable Date)	0.99

3. DISCLOSURE OF INTERESTS

Interests of the Offeror and parties acting in concert with it in the Shares

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of Offeror/ parties acting in concert with it	Capacity	Number of Shares held/ interested	Approximate % of interest
The Offeror	Beneficial owner/Interest in controlled corporation	3,883,778,286 (L)[1]	73.98
Tai He[2]	Beneficial owner	2,655,429,222 (L)	50.58

Notes:

1. The letter "L" denotes long position in the Shares.

2. Tai He is wholly-owned by the Offeror, as such the Offeror is deemed to be interested in the 2,655,429,222 Shares held by Tai He.

Save as disclosed above, as at the Latest Practicable Date, none of Offeror, its directors and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

Save for the transaction contemplated under the Sale and Purchase Agreements, none of the Offeror, its directors or parties acting in concert with it has dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

As at the Latest Practicable Date, save for the Sale Shares and Tai He Shares held by the Offeror:

(a) none of the Offeror, its directors or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

(b) none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;

(c) save for the Sale and Purchase Agreements, the Facilities, the Share Charge and the Placing Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any person acting in concert with it or any other associates (as defined under the Takeovers Code) of the Offeror and any other person;

(d) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(e) none of the Offeror or parties acting in concert with it has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;

(f) none of the Offeror or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(g) save as disclosed in the paragraph headed "Financial resources available for the Offer" under the section headed "Letter from Haitong International Securities" in this Composite Document, the Offeror had no intention, nor had it enter into any agreement, arrangement or understanding to transfer, charge or pledge the Shares acquired in pursuance with the Offers to any other persons;

(h) save for the Sale and Purchase Agreements, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror, its directors or any persons acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer; and

(i) no benefit (other than statutory compensation) had been and would be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

5. CONSENTS AND QUALIFICATIONS

The following are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Haitong International Capital	a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity
Haitong International Securities	a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities

Haitong International Capital and Haitong International Securities have given and have not withdrawn their written consents to the issue of this Composite Document with the inclusion of the text of their letter and/or report and the references to their names in the form and context in which they appear herein.

6. MISCELLANEOUS

(a) As at the Latest Practicable Date, the directors of the Offeror were Mr. Chan Yin David and Mr. Lemuel Gabriel Chan. The Offeror was indirectly wholly-owned by Yellowbird Fund with Yellowbird Capital acting as its general partner holding it on Yellowbird Fund's behalf. Yellowbird Capital is held as to 32.21% by Peak Trust Company–NV as trustee for the benefit of a registered charitable institution named Children's Museum Limited, a company limited by guarantee incorporated in Hong Kong, which is exempt from tax under section 88 of the Inland Revenue Ordinance (Cap. 112, Laws of Hong Kong). Yellowbird Fund is a partnership and did not have any directors. As at the Latest Practicable Date, the directors of Yellowbird Capital were Mr. Chan Yin David and Mr. Pak William Eui Won and the directors of Peak Trust Company–NV were Douglas J Blattmachr, Matthew D Blattmachr, Brandon J Cintula, Joel W Looney, Stephen C Miller, Brian Sippy and Richard S Thwaites JR.

The registered office of the Offeror is situated at 9 Battery Road, #15-01, MYP Centre, Singapore 049910, Singapore.

(b) The registered office of Haitong International Capital and Haitong International Securities is situated at 22/F Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company in Hong Kong at Suites 1206–1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (http://www.irasia.com/listco/hk/taiunited/index.htm) during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Haitong International Securities as set out on pages 6 to 14 of this Composite Document; and

(c) the written consent from the professional advisers as referred to under the paragraph headed "Consents and Qualifications" in this Appendix.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Authorised share capital:		*HK$*
34,566,666,668	Ordinary shares of HK$0.05 each	1,728,333,333.40
5,433,333,332	Preference shares of HK$0.05 each	271,666,666.60
	Total authorised share capital:	2,000,000,000.00
Issued and fully paid share capital:		
5,250,019,852	Ordinary shares of HK$0.05 each	262,500,992.60

The total number of issued Shares as at 31 December 2017 (being the date on which the latest audited consolidated financial statements of the Company were made up to) and as at the Latest Practicable Date was 5,250,019,852 Shares.

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting and capital.

The Company did not have any outstanding securities, options, derivatives, warrants or other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the

Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules; or (iv) required to be disclosed under the Takeovers Code were as follows:

Long positions in the Shares

Name of Director	**Capacity**	**Number of Shares**	**Percentage of the Company's issued share capital (approximately)**
Ye Fei ("**Mr. Ye**")	Interest of spouse	280,000	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed to have under such provisions of SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules; or (iv) required to be disclosed under the Takeovers Code.

4. SHAREHOLDINGS AND DEALINGS IN THE OFFEROR

As at the Latest Practicable Date, none of the Company nor any of its Directors have any interest in the relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) (the "**Relevant Securities**") of the Offeror, and no such person (including the Company) had dealt for value in the Relevant Securities of the Offeror during the Relevant Period.

5. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

Save for the following dealings in the Shares by Ms. Liu Yapeng, the spouse of Mr. Ye, and that Mr. Ye is deemed to be interested in the Shares held by his spouse as disclosed in the paragraph headed "Disclosure of Interests" in this Appendix, none of the Directors held any shares, convertible securities, warrants, options or other derivatives of the Company, and none of the Directors have dealt for value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period:

Date of dealing	Nature of dealing	Number of Shares	Transaction price per Share *HK$*
25 September 2017	Acquisition of Shares on the Stock Exchange	50,000	1.38
		100,000	1.36
		100,000	1.35
		50,000	1.34
		50,000	1.33
		50,000	1.32
25 October 2017	Disposal of Shares on the Stock Exchange	50,000	1.36
27 October 2017	Disposal of Shares on the Stock Exchange	50,000	1.36
		20,000	1.35

As at the Latest Practicable Date,

(a) no Share or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code or by the Independent Financial Adviser or any of its associates (as defined in the Takeovers Code) (but excluding exempt principal traders), and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(b) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was managed on a discretionary basis by fund managers connected with the Company;

(c) no person has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code, and no such person had dealt for value in the Share or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(d) save for Mr. Ye's deemed interest in the Shares held by his spouse as disclosed in the paragraph headed "Disclosure of Interests" in this Appendix, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer; and

(e) none of the Company or any of its Directors has borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives issued by the Company.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date,

(a) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) no material contracts had been entered into by the Offeror in which any Director has a material personal interest; and

(c) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

8. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Pursuant to a letter of appointment dated 27 October 2017 entered into between the Company and Mr. Chen Weisong ("**Mr. Chen**"), Mr. Chen was appointed as an executive Director and the Chief Executive Officer of the Company for an initial term of one year from 27 October 2017 renewable automatically for successive term of one year each commencing from the next day after the expiry of the current term unless terminated by not less than three months' notice in writing served by either Mr. Chen or the Company expiring at the end of the initial term or at any time thereafter. Mr. Chen is entitled to an annual remuneration of HK$3,500,000 during the term of his appointment. The letter of appointment does not provide for payment of any variable remuneration to Mr. Chen.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) has been entered into or amended within six months before the commencement of the Offer Period, (ii) is a continuous contract with a notice period of 12 months or more, or (iii) is a fixed term contract with more than 12 months to run irrespective of the notice period.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the date of the Joint Announcement and up to the Latest Practicable Date which are or may be material:

(i) the agreement dated 3 March 2016 entered into between the Company and Tai He in respect of an unsecured and revolving loan facility of up to HK$1,000 million granted by Tai He to the Company for the general working capital requirement of the Group for a term of eighteen calendar months from the date on which each drawdown is made at the interest rate of 4.5% per annum, details of which are set out in the announcement of the Company dated 3 March 2016;

(ii) the agreement dated 28 April 2016 entered into between the Company and Tai He in respect of an unsecured and revolving loan facility of up to HK$2,000 million granted by Tai He to the Group;

(iii) the conditional subscription agreement dated 18 July 2016 entered into between Tai United Investments Limited (a wholly-owned subsidiary of the Company) as subscriber, the Company as guarantor and Hua Lien International (Holding) Company Limited ("**Hua Lien**") as issuer in relation to the subscription of 3,700,000,000 new shares of Hua Lien at a total consideration of HK$592 million, details of which are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016;

(iv) the exclusivity agreement dated 11 August 2016 (London time) entered into between Wide Flourish Investments Limited ("**Wide Flourish**") (a wholly-owned subsidiary of the Company) as purchaser, vendors who are third parties independent of the Company and its connected persons (has the meaning ascribed thereto under the Listing Rules) and the vendors' solicitors in relation to the acquisition of the entire equity interests in the companies which beneficially hold 100% interest in mid-sized luxury residential properties in London, United Kingdom, at a consideration of not more than HK$1.3 billion, details of which are set out in the announcements of the Company dated 12 August 2016 and 14 September 2016;

(v) the underwriting agreement dated 1 September 2016 and entered into among the Company, Tai He, TAI Capital and Haitong International Securities in relation to the issue of 3,002,184,872 new Shares at the subscription price of HK$1.00 per Share on the basis of two new Shares for every one then existing Share held on the record date, being 21 October 2016, details of which are set out in the announcement of the Company dated 2 September 2016, the circular of the Company dated 23 September 2016 and the prospectus of the Company dated 24 October 2016;

(vi) the sale and purchase agreement dated 24 September 2016 entered into among BG Residential Holdings Limited (an indirect wholly-owned subsidiary of the Company) as purchaser, The Rothschild Foundation (Hanadiv) Europe ("**RCBG Vendor A**"), The Rothschild Foundation ("**RCBG Vendor B**"), RCBG Residential (Jersey) Limited ("**MRB Vendor A**"), MoREOF BG Residential Holdings Limited ("**MRB Vendor B**") and Brockton Capital I (Tenenbaum) Limited ("**MRB Vendor C**") as vendors (collectively as the "**RCBG & MRB Vendors**") in relation to the acquisition of (i) the issued shares of one pence each of RCBG Residential (UK) Limited ("**RCBG**"), comprising the 80 shares held by RCBG Vendor A and the 320 shares held by RCBG Vendor B; (ii) the issued shares of one pence each of MRB Residential Holdings Limited ("**MRB**"), comprising the 26,208 shares held by MRB Vendor A, the 49,392 shares held by MRB Vendor B, and the 14,400 shares held by MRB Vendor C; (iii) all amounts owing by RCBG to any one of the RCBG vendors as at completion; and (iv) all amounts owing by MRB to any one of the MRB vendors as at completion, at a total consideration of approximately GBP112,202,150 (equivalent to approximately HK$1,155,682,145) (subject to adjustments upon completion), and the principal assets of both RCBG and MRB and their respective subsidiaries are three residential properties situated in Buckingham Gate, London, United Kingdom, details of which are set out in the announcement of the Company dated 25 September 2016 and the circular of the Company dated 18 October 2016;

(vii) the subscription agreement dated 28 September 2016 and entered into between the Company, Mr. Chua Hwa Por, Tai He, Tai Infinite Holdings Group Limited ("**Tai Infinite**"), Cheer Hope Holdings Limited, Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC – Fund I SP) and Songhua Investment Holding Limited in relation to the issue by the Company of the 5% redeemable fixed coupon guaranteed, secured and unsubordinated notes in the total principal amount of up to US$180,000,000 with an initial maturity date on the second anniversary of the issue date (subject to extension for another year) ("**5% Notes**"), and the proposed grant of up to 279,000,000 unlisted warrants by the Company entitling the holder thereof to subscribe for one Share at the initial subscription price of HK$1.00 per Share at any time during the period from the seventh month from the date of issue of the 5% Notes up to the maturity of the 5% Notes, details of which are set out in the announcements of the Company dated 28 September 2016, 30 September 2016 and 5 October 2016 and the circular of the Company dated 15 December 2016;

(viii) the auction acknowledgement dated 19 November 2016 entered into between 杭州太榮資產管理有限公司 (Hangzhou Tai Rong Asset Management Co. Ltd.*) (an indirect wholly-owned subsidiary of the Company) as purchaser and 浙江天恒拍賣有限公司 (Zhejiang Tian Heng Auction Company Limited*) as auctioneer in relation to the acquisition of the distressed assets of a hotel facility known as "Wyndham Grand Plaza Royale Hangzhou", located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC, at a consideration of RMB1,120,000,000 (equivalent to HK$1,265,600,000), details of which are set out in the announcement of the Company dated 21 November 2016 and the circular of the Company dated 25 January 2017;

(ix) the sale and purchase agreement dated 24 November 2016 entered into between Wide Flourish (a wholly-owned subsidiary of the Company) as purchaser and Leon Property Holdings Limited as vendor in relation to (i) the acquisition of entire issued share capital of Leon Property Limited ("**Leon Property**") by Wide Flourish at a consideration of approximately GBP16.1 million (equivalent to approximately HK$161 million) (subject to adjustment with reference to the completion accounts); and (ii) the repayment of shareholder's loan owed by Leon Property to Leon Property Holdings Limited in the amount of approximately GBP45.1 million (equivalent to approximately HK$451 million) (subject to adjustment with reference to the completion accounts) by Wide Flourish, and the principal asset of Leon Property is a commercial property situated in Hammersmith, the West of London, United Kingdom, details of which are set out in the announcement of the Company dated 25 November 2016 and the circular of the Company dated 25 January 2017;

(x) the placing agreement dated 15 December 2016 entered into between the Company and Haitong International Securities in relation to the placing of up to 300,000,000 new Shares at a placing price of HK$1.2 per Share, on best endeavours basis, details of which are set out in the announcements of the Company dated 15 December 2016 and 30 December 2016;

(xi) the subscription agreement dated 15 December 2016 entered into between Tai United Investments Limited (a wholly-owned subsidiary of the Company) as investor and Haitong Global Investment SPC III ("**Fund Portfolio Company**") in relation to certain investment in the non-voting participating redeemable shares in the segregated portfolio of the Fund Portfolio Company at a total consideration of US$50,000,000, details of which are set out in the announcement of the Company dated 15 December 2016;

(xii) the agreement dated 5 January 2017 entered into between the Company and Mr. Chua Hwa Por in relation to the Company's acquisition of (i) the entire issued share capital of Tai Infinite; and (ii) entire sum owing by Tai Infinite to Mr. Chua Hwa Por at completion, at a total consideration of HK$536,091,054 which was settled by the Company by way of allotment and issue of 446,742,544 Shares at an issue price of HK$1.20 per Share at completion, details of which are set out in the announcements of the Company dated 5 January 2017 and 24 March 2017 and the circular of the Company dated 10 February 2017;

(xiii) the sale and purchase agreement dated 18 September 2017 entered into between Blue Horizon Investors Limited as purchaser and Wide Flourish (a wholly-owned subsidiary of the Company) as vendor in relation to (i) the disposal of the entire issued share capital of Leon Property at a consideration of approximately GBP21,663,288 (equivalent to approximately HK$216,632,880) (subject to adjustments); and (ii) the repayment of the shareholder's loan owed by Leon Property to Wide Flourish in the amount of approximately GBP31,055,918 (equivalent to approximately

HK$310,559,180) by Blue Horizon Investors Limited, details of which are set out in the announcement of the Company dated 18 September 2017;

(xiv) provisional sale and purchase agreement dated 21 September 2017 entered into between Tai Infinite as vendor, the Company as guarantor and Profit Gate International Limited as purchaser in relation to the disposal of (i) the entire issued share capital of Excel Fine Holdings Limited (a wholly-owned subsidiary of the Company); and (ii) the entire sum owing by Excel Fine Holdings Limited to Tai Infinite at completion, and the principal asset of Excel Fine Holdings Limited is the property located at 79th Floor, The Center, No.99 Queen's Road Central, Hong Kong ("**Excel Fine Disposal**"), at an aggregate cash consideration of HK$738 million, details of which are set out in the announcement of the Company dated 21 September 2017; and

(xv) the formal agreement for the sale and purchase dated 23 October 2017 in relation to the Excel Fine Disposal.

10. CONSENT AND QUALIFICATION

In addition to the Offeror's professional advisers listed in the paragraph headed "Consents and qualifications" in Appendix III to this Composite Document, the following is the qualification of the professional adviser who has given an opinion or advice contained in this Composite Document:

Name	Qualification
VBG Capital	Licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

VBG Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, VBG Capital did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, VBG Capital did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and no holdings or borrowings of the Shares or options or derivatives in respect of the Shares was held by or entered into by other parts of the group (within the meaning of class (5) of the definition of acting in concert under the Takeovers Code) of which VBG Capital is a member.

11. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is Suite 1206–1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.

(c) The Company's Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this Composite Document shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company in Hong Kong at Suites 1206–1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (http://www.irasia.com/listco/hk/taiunited/index.htm) during the period from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the year ended 31 March 2016 and for the nine months ended 31 December 2016;

(c) the results announcement of the Company for the year ended 31 December 2017 published on the websites of the Stock Exchange and the Company on 26 March 2018;

(d) the letter from the Board as set out in the section headed "Letter from the Board" of this Composite Document;

(e) the letter from the Independent Board Committee to the Independent Shareholders as set out in the section headed "Letter from the Independent Board Committee" of this Composite Document;

(f) the letter from the Independent Financial Adviser to the Independent Board Committee as set out in the section headed "Letter from VBG Capital" of this Composite Document;

(g) the written consent referred to in the paragraph headed "Consent and qualification" in this Appendix;

(h) the material contracts referred to in the paragraph headed "Material contracts" in this Appendix;

(i) the letter of appointment referred to in the paragraph headed "Directors' service contracts and letters of appointment" in this Appendix; and

(j) a copy of this Composite Document and the accompanying Form of Acceptance.