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太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors ("**Board**" or "**Directors**") of Tai United Holdings Limited (the "**Company**") announces the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022 together with the comparative figures of the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022** ***HK$'000***	2021 *HK$'000*
Revenue	4		
Contracts with customers		**119,759**	288,004
Leases		**39,980**	21,085
Net investment (losses)/gains	6	**(512)**	977
Total		**159,227**	310,066

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Other income	7	**11,670**	42,670
(Impairment losses)/reversal of impairment losses under expected credit loss model, net	8	**(680,233)**	18,721
Other gains or losses	9	**(54,233)**	(5,040)
Purchases and changes in inventories		**(88,211)**	(256,179)
Employee benefits expenses		**(38,664)**	(39,139)
Other operating expenses	10	**(58,368)**	(76,624)
Changes in fair value of investment properties		**(679,152)**	(270,941)
Impairment losses on mining rights		**–**	(63,075)
Finance costs	11	**(178,153)**	(130,569)
Loss before tax		**(1,606,117)**	(470,110)
Income tax credit	12	**150,716**	28,733
Loss for the year	13	**(1,455,401)**	(441,377)
Other comprehensive (expense)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(35,221)**	47,818
Other comprehensive (expense)/income for the year		**(35,221)**	47,818
Total comprehensive expense for the year		**(1,490,622)**	(393,559)
Loss for the year attributable to:			
Owners of the Company		**(1,454,890)**	(440,801)
Non-controlling interests		**(511)**	(576)
		(1,455,401)	(441,377)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,489,989)**	(393,110)
Non-controlling interests		**(633)**	(449)
		(1,490,622)	(393,559)
Loss per share	14		
– Basic *(HK cents)*		**(27.71)**	(8.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**4,771**	1,402
Investment properties		**3,174,568**	4,160,477
Intangible assets		**49,995**	97,808
Mining rights		**18,716**	18,716
Financial assets at fair value through profit or loss		**–**	627
Right-of-use assets		**5,965**	4,152
Non-current deposits		**1,502**	1,502
Other non-current assets		**6,000**	6,000
		3,261,517	4,290,684
Current assets			
Inventories		**2,122**	4,096
Financial assets at fair value through profit or loss		**–**	8,471
Accounts receivable	16	**29,769**	25,620
Other receivables, deposits and prepayments		**94,268**	98,558
Bank balances and cash		**222,941**	255,354
		349,100	392,099
Current liabilities			
Accounts payable	17	**12,569**	27,135
Accrued liabilities and other payables		**478,432**	342,575
Borrowings	18	**1,741,486**	1,910,778
Lease liabilities		**4,378**	2,859
Tax payables		**103,858**	109,052
Financial guarantee contracts		**664,394**	–
		3,005,117	2,392,399
Net current liabilities		**(2,656,017)**	(2,000,300)
Total assets less current liabilities		**605,500**	2,290,384

	Note	**2022**	2021
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred tax liabilities		**380,925**	575,664
Lease liabilities		**2,007**	1,530
		382,932	577,194
Net assets		**222,568**	1,713,190
Capital and reserves			
Share capital	19	**262,501**	262,501
Reserves		**(41,474)**	1,448,515
Equity attributable to owners of the Company		**221,027**	1,711,016
Non-controlling interests		**1,541**	2,174
Total equity		**222,568**	1,713,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

Tai United Holdings Limited (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). In the opinion of the directors of the Company, the Company's immediate holding company is Songbird SG PTE. Ltd., a company incorporated in Singapore with limited liability and its ultimate holding company is Satinu Resources Group Ltd., a company incorporated in British Virgin Islands ("**BVI**") with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is Room 4202–03A, 42th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and the principal activities of the Company's subsidiaries (collectively referred to as "**the Group**") are property investment, flooring materials trading, medical equipment trading, mining and exploration of natural resources and financial asset management.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

Impacts on application of Amendments to HKFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "**Conceptual Framework**") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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

Impacts on application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021

The Group has applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions* beyond 30 June 2021 retrospectively for the first time in the current year. The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 *Leases* ("HKFRS 16") by one year so that the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The application of this amendment has had no material impact on the Group's financial positions and performance for the current and prior years.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or 1 January 2024.

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

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

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

    (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

    (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

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

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

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "**Practice Statement**") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The application of the amendment is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the Group incurred a net loss of HK$1,455,401,000 during the year ended 31 December 2022 and, as of that date, the Group's has net current liabilities of HK$2,656,017,000, including the overdue bank borrowing of HK$1,527,997,000 which have not yet been successfully renewed, extended nor repaid during the year ended 31 December 2022 and subsequent to end of the reporting period. In addition, subsequent to the end of the reporting period, certain legal claims were filed against the Group in the People's of Republic China (the "**PRC**"). It came to the attentions of the directors of the Company that part of the claims related to certain pledge of assets and guarantees provided by two subsidiaries established in the PRC, namely Guangzhou Rongzhi Public Facilities Investment Co., Ltd. ("**Guangzhou Rongzhi**") and Jinzhou Jiachi Public Facilities Management Co., Ltd. ("**Jinzhou Jiachi**"), allegedly originated prior to the acquisition of Sky Build Limited and Superb Power Enterprises

Limited (the "**Acquisitions**") as disclosed in note to the consolidated financial statements that were not recorded in the books and records of the Group. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into the consideration of the following matters:

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

   In April 2023, the Group had obtained a confirmation letter from Mr. Dai that the undertaking arrangement in connection with the Guangzhou Bank loan entered into in March 2021 is still effective and will apply for a period of at least 12 months from the date of the letter,

ii. The Group may seek other financing resources (including but not limited to rights issue and placing of shares) to meet its liabilities and obligations as and when they are fall due, and

iii The Group may consider to take action against the seller of the subsidiaries acquired in 2021 for claims for breach of warranty.

The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from 31 December 2022. Taking into account of the internally available funds, non-current assets held by the Group, the undertaking arrangement obtained from Mr. Dai and the potential fund raising activities, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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.

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 accounted for in accordance with HKFRS 16 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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

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

4. REVENUE

Disaggregation of revenue for contracts with customers

	2022	2021
	HK$'000	*HK$'000*
Types of goods and services		
– Sales of medical equipment	**9,864**	17,462
– Sales of flooring materials	**83,383**	25,315
– Sales of properties	**–**	217,813
– Revenue from properties management and related services	**26,512**	27,414
	119,759	288,004
Geographical markets		
– The PRC	**35,865**	261,777
– Hong Kong	**19,456**	–
– Singapore	**33,351**	23,798
– United States of America ("**USA**")	**30,576**	1,518
– The United Kingdom ("**the UK**")	**511**	911
	119,759	288,004
Timing of revenue recognition		
– Over time	**26,512**	27,414
– At a point in time	**93,247**	260,590
	119,759	288,004

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended 31 December 2022 and 2021:

	Segment revenue	
	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
– Medical equipment trading	**9,864**	17,462
– Flooring materials trading	**83,383**	25,315
– Properties investment	**26,512**	245,227
	119,759	288,004
Leases	**39,980**	21,085
Total revenue	**159,739**	309,089

5. SEGMENT RESULTS

Segment revenue and results

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

For the year ended 31 December 2022

	Property investment	Medical equipment trading	Flooring materials trading	Mining and exploitation of natural resources	Financial services and assets management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	66,492	9,864	83,383	–	–	159,739
Segment net investment losses	–	–	–	–	(512)	(512)
Total	66,492	9,864	83,383	–	(512)	159,227
Segment results	(1,558,678)	252	(4,890)	(731)	(3,487)	(1,567,534)
Net foreign exchange losses						(12,773)
Unallocated interest income						2,187
Unallocated finance costs						(185)
Central administration costs						(27,812)
Loss before tax						(1,606,117)

For the year ended 31 December 2021

	Property investment *HK$'000*	Medical equipment trading *HK$'000*	Flooring materials trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and assets management *HK$'000*	Total *HK$'000*
Segment revenue	266,312	17,462	25,315	–	–	309,089
Segment net investment gains	–	–	–	–	977	977
Total	266,312	17,462	25,315	–	977	310,066
Segment results	(406,424)	(2,304)	14	(64,294)	(1,668)	(474,676)
Interest income from consideration receivable from disposal of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co. Ltd. ("**Hangzhou Tai Rong**")*						12,357
Net foreign exchange losses						(10,677)
Bargain purchase gain on acquisition of subsidiaries						5,866
Impairment on goodwill						(474)
Reversal of impairment losses on consideration receivables and interest receivables from Hangzhou Tai Rong						22,583
Unallocated interest income						23,974
Unallocated finance costs						(105)
Central administration costs						(48,958)
Loss before tax						(470,110)

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

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

Segment result represents the profit earned or loss incurred before tax by each segment without allocation of central administration costs including directors' emoluments, legal and professional fees and other operating expenses, net foreign exchange losses, interest income from consideration receivable from disposal of Hangzhou Tai Rong, unallocated interest income, unallocated finance costs, impairment on goodwill and bargain purchase gain on acquisition of subsidiaries and reversal of impairment losses on consideration receivables and interest receivables from Hangzhou Tai Rong. This is the measure reported to the Chief Operating Decision Maker ("**CODM**") for the purposes of resources allocation and assessment of segment performance.

6. NET INVESTMENT (LOSSES)/GAINS

	2022	2021
	HK$'000	*HK$'000*
Changes in fair value of financial assets at FVTPL	**(512)**	977

7. OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Interest income from:		
– consideration receivable from disposal of Hangzhou Tai Rong	**–**	12,357
– bank and other deposits	**2,061**	5,286
– loan receivables	**154**	18,690
Government grants *(note)*	**376**	–
Sundry income	**9,079**	6,337
	11,670	42,670

Note: During the year ended 31 December 2022, the Group recognised government grants of HK$376,000 (2021: nil) in respect of COVID-19-related subsidies of Employment Support Scheme provided by the Hong Kong Government.

8. (IMPAIRMENT LOSSES)/REVERSAL OF IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2022	2021
	HK$'000	*HK$'000*
(Impairment losses)/reversal of impairment losses recognised on:		
– accounts receivable	**3,877**	(3,116)
– other receivables	**(564)**	21,086
– interest receivables	**–**	751
– financial guarantee contracts	**(683,546)**	–
	(680,233)	18,721

9. OTHER GAINS OR LOSSES

	2022	2021
	HK$'000	*HK$'000*
Net foreign exchange losses	**(12,773)**	(10,677)
Gain on disposal of property, plant and equipment	**–**	245
Bargain purchase gain on acquisition of subsidiaries	**–**	5,866
Impairment loss on goodwill	**–**	(474)
Impairment loss on intangible asset	**(41,460)**	–
	(54,233)	(5,040)

10. OTHER OPERATING EXPENSES

	2022	2021
	HK$'000	*HK$'000*
Selling and distribution expenses	**29,535**	21,157
Administrative expenses		
– Depreciation and amortisation	**6,407**	6,546
– Legal and professional fee	**9,533**	15,917
– Registration, license fee and other office expenses	**2,801**	3,043
– Short-term leases and property management fees	**5,777**	7,470
– Repairs and maintenance	**1,966**	1,106
– Other taxes	**1,600**	15,855
– Sundry expenses	**749**	5,530
	58,368	76,624

11. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings	**177,868**	130,342
– lease liabilities	**285**	227
	178,153	130,569

12. INCOME TAX CREDIT

	2022	2021
	HK$'000	*HK$'000*
Current tax:		
The PRC Enterprise Income Tax ("**EIT**")	**5,115**	2,675
Deferred tax	**(155,831)**	(31,408)
	(150,716)	(28,733)

13. LOSS FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments	**9,843**	17,427
Other staff costs:		
– Salaries, allowances and benefits	**24,971**	19,178
– Retirement benefit scheme contributions	**3,850**	2,534
Total staff costs	**38,664**	39,139
Auditor's remuneration	**2,890**	2,000
Cost of inventories recognised as an expense	**88,211**	256,179
Amortisation of intangible assets	**2,659**	1,819
Depreciation of property, plant and equipment	**1,507**	2,658
Depreciation of right-of-use assets	**5,546**	3,888
Total amortisation and depreciation	**9,712**	8,365
Gross rental income from investment properties	**(39,980)**	(21,085)
Less: direct operating expenses arising from investment properties that generated rental income	**23,668**	15,242
	(16,312)	(5,843)

14. LOSS PER SHARE

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

	2022	2021
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,454,890)**	(440,801)

	2022	2021
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of calculation of basic loss per share	**5,250,020**	5,250,020

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

15. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: nil).

16. ACCOUNTS RECEIVABLE

	2022	2021
	HK$'000	*HK$'000*
Accounts receivable	**30,444**	30,097
Less: allowance for credit losses	**(675)**	(4,477)
	29,769	25,620

The Group allows a credit period of 30 to 120 days (2021: 30 to 120 days) to its customers depending on the type of products sold.

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

	2022	2021
	HK$'000	*HK$'000*
Within 30 days – 90 days	**7,253**	24,843
91 – 120 days	**21,916**	–
Over 120 days	**600**	777
	29,769	25,620

17. ACCOUNTS PAYABLE

An ageing analysis of accounts payable presented based on the delivery date at the end of the reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
0–30 days	**1,849**	10,755
31–90 days	**10,720**	16,380
	12,569	27,135

The credit period granted by the suppliers was 90 days (2021: 90 days) for the year ended 31 December 2022.

As at 31 December 2022 and 31 December 2021, all accounts payable were denominated in United States Dollar ("US$").

18. BORROWINGS

	2022	2021
	HK$'000	*HK$'000*
Unsecured fixed-rate bank borrowing *(note i)*	**5,337**	3,000
Secured variable-rate bank borrowing *(note ii)*	**208,152**	232,131
Secured fixed-rate bank borrowing *(note iii)*	**1,527,997**	1,675,647
	1,741,486	1,910,778

Notes:

(i) As at 31 December 2022, the unsecured fixed-rate bank borrowing amounting to approximately HK$5,337,000 (2021: HK$3,000,000) which is unguaranteed, carried at fixed interest rate 4.2% (2021: 3.8%) and is repayable within one year.

(ii) As at 31 December 2022, the secured variable-rate bank borrowing carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.75% (2021: 2.75%) per annum, which the effective interest rate is 2.75% (2021: 2.75%) per annum. It contains a repayment on demand clause and contractually repayable within one year based on scheduled repayment dates set out in the loan agreement. The loan agreement was expired in November 2022, and thus, as at 31 December 2022, the bank borrowing became overdue, repayable on demand, and was shown under current liabilities. The loan agreement was further renewed and extended subsequent to the year ended 31 December 2022.

(iii) As at 31 December 2022, the secured fixed-rate bank borrowing which is guaranteed, carried at fixed interest rate of 7% (2021: 7%) and is repayable on demand.

The secured bank borrowings were secured by the investment properties and 100% equity interest of a subsidiary established in the PRC as at 31 December 2022 (2021: same).

The loan agreement was expired in January 2021 and the agreement had not yet been successfully renewed nor extended as at 31 December 2022. Accordingly, the bank borrowing became overdue, repayable on demand, and was shown under current liabilities. Up to the approval date of the consolidated financial statements, the bank borrowing has not yet been renewed, extended nor repaid.

19. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,250,019,852	262,501
Authorised preference shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	5,433,333,332	271,666
Issued and fully paid preference shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	–	–

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As disclosed in Notes 41, 46 and 47 to the consolidated financial statements, subsequent to the end of the reporting period, several legal claims were filed against the Group in the People's of Republic China (the "**PRC**"). It came to the attentions of the directors of the Company that part of the claims related to certain pledge of assets and guarantees provided by two subsidiaries established in the PRC, namely Guangzhou Rongzhi Public Facilities Investment Co., Ltd. ("**Guangzhou Rongzhi**") and Jinzhou Jiachi Public Facilities Management Co., Ltd. ("**Jinzhou Jiachi**"), allegedly originated prior to the acquisition of Sky Build Limited and Superb Power Enterprises Limited (the "**Acquisitions**") as disclosed in Note 40 to the consolidated financial statements that were not recorded in the books and records of the Group.

During our audit, we planned our procedures to obtain audit evidence in respect of these pledges and financial guarantee contracts. However, as the pledges and guarantees provided prior to the Acquisition, the directors of the Company were unable to provide us with documents that we considered necessary to satisfy ourselves as to the completeness and accuracy of the information and documents related to these pledges and financial guarantee contracts presented to us for the purpose of our audit; and the accuracy and completeness of the disclosures in the Group's consolidated financial statements in respect of pledge of assets and financial guarantee contracts, transactions and/or balances with companies related to Mr. Dai Yongge, being the ultimate controlling shareholder of Guangzhou Rongzhi and Jinzhou Jiachi prior to the Acquisitions, if any, in relation to the transactions, arrangements, and/or the relevant counterparties identified since the Acquisitions and for the years ended 31 December 2021 and 2022.

In addition, the Group recognised HK$683,546,000 impairment losses on financial guarantee contracts during the year ended 31 December 2022 and HK$664,394,000 for these financial guarantee contracts as at 31 December 2022. However, based on the information available to us, these financial guarantee contracts should have been originated in periods prior to 2022 and recognised in reporting periods prior to 2022. We were unable to quantify the effects to the current and prior periods due to the matter as stated above. Any adjustments to the opening balances as at 1 January 2022 that would be required might have significant consequential effects on the Group's assets and liabilities as at 31 December 2021 and its results and cash flows for the years ended 31 December 2021 and 2022, and the presentation and disclosure thereof in the consolidated financial statements of the Group.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$1,455,401,000 during the year ended 31 December 2022 and, as of that date, the Group's has net current liabilities of HK$2,656,017,000, including the overdue bank borrowing of HK$1,527,997,000 which have not yet been successfully renewed, extended nor repaid during the year ended 31 December 2022 and subsequent to end of the reporting period. In addition, subsequent to the end of the reporting period, the Group received certain legal claims filed against the Group related to certain pledge of assets and financial guarantees. As stated in Note 3.1, these events or conditions, along with other matters as set forth in Note 3.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The revenue of the Company for the year ended 31 December 2022 ("**Year**") was approximately HK$159.7 million, representing a significant decrease of 48.3% as compared to revenue of approximately HK$309.1 million for the year ended 31 December 2021, such decrease was mainly contributed by decrease in revenue attributable to sale of stores' operating rights generated from the shopping mall businesses in the People's Republic of China ("**China**" or "**PRC**") in the ordinary and usual course of business of the Group, mitigated by the increase in revenue from sales of flooring materials. Revenue decreased substantially and notwithstanding the Company actively implemented continuous cost saving plan, the Group still recorded a loss before tax of approximately HK$1,606.1 million during the Year, increased by 241.7% as compared with the loss before tax of HK$470.1 million in the year ended 31 December 2021, with the combined effect of:

(i) A decrease in fair value of investment properties to approximately HK$679.2 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic;

(ii) an increase in finance costs from approximately HK$130.6 million for the year ended 31 December 2021 to approximately HK$178.2 million during the Year, which was due to the bank loans of approximately RMB1,350.0 million in connection to the acquisition of Guangzhou Shopping Mall (as defined below);

(iii) impairment on intangible assets of HK$41.5 million, and

(iv) provision for guarantee contracts of approximately HK$683.5 million during the Year, which was due to guarantees provided by immediate holding companies of the Guangzhou Shopping Mall and Jinzhou Shopping Mall (as defined below). The guarantees were provided to onshore banks in the PRC in relation to third party loans and such guarantees were not disclosed to the Group by the seller at the time of acquisition of the holding companies of the two shopping malls.

Income tax credit for the Year was approximately HK$150.7 million.

Taking into account the income tax mentioned above and netting of non-controlling interests, the Group recorded the loss attributable to owners of the Company increasing from approximately HK$440.8 million for the year ended 31 December 2021 to approximately HK$1,454.9 million for the Year.

BUSINESS REVIEW

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

(1) Property Investment

Shopping Mall Businesses in the PRC

The Group wholly owns three shopping malls in the PRC, including: (i) a single-storey underground mall ("**Jinzhou Shopping Mall**") located in Jingzhou, Liaoning Province, the PRC, which is engaged in the shopping mall business ("**Jinzhou Shopping Mall Business**"); (ii) a two-storey underground mall ("**Guangzhou Shopping Mall**") located in Guangzhou, Guangdong Province, the PRC, which is engaged in the shopping mall business ("**Guangzhou Shopping Mall Business**"); and (iii) a two-storey underground mall (the "**Anyang Shopping Mall**") located in Anyang city, Hunan Province, the PRC, which is engaged in the shopping mall business ("**Anyang Shopping Mall Business**").

Anyang Shopping Mall Business, together with Jinzhou Shopping Mall Business and Guangzhou Shopping Mall Business are the "**Shopping Mall Businesses in the PRC**".

The business and operating model of the Jinzhou Shopping Mall, Guangzhou Shopping Mall and Anyang Shopping Mall primarily involves the leasing of stores to retailers and wholesalers of apparels, accessories, household appliances and food and beverage and other venue areas in the shopping malls for marketing and promotional activities. It derives revenue from rental income and the provision of property management services to tenants, including mall security, maintenance and repair and management of the operations of the three shopping malls. The Company holds the three shopping malls as investment properties and conducts day-to-day operations primarily in leasing and property management services which generate rental and property management incomes.

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stores. For the Year, there was no further completion of pre-existing contracts prior to the acquisition of the holding company of the Guangzhou Shopping Mall in 2021 due to COVID-19, which led to no revenue recorded (2021: approximately HK$217.8 million) from the transfer of the operating rights of store units of the mall.

The Group has been undertaking a diversified business strategy. The acquisitions of three shopping malls in Anyang, Jinzhou and Guangzhou that completed in 2021 are in line with the strategic development of the Group and have provided an opportunity for the Group to widen its shopping malls network, expand the geographical coverage and scale up its shopping mall businesses. It is expected that the promotional campaigns, marketing activities and branding of the shopping malls of the Group will become more effective and cost-efficient. Anyang Shopping Mall is located in the central region of the PRC while the shopping malls in Jinzhou and Guangzhou are located in the north-eastern region and southern region of the PRC respectively. The acquisitions have allowed the Group's shopping mall network to have a strategic presence in central, north-eastern and southern regions of the PRC and expand geographically across the above regions in the PRC and potentially grow its market share.

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 31 December 2022, details of the three shopping malls are set out as follows:

Shopping Mall	**Gross Floor Area** *(approximately sq.m.)*	**Leasable Floor Area** *(approximately sq.m.)*	**Leased Floor Area** *(approximately sq.m.)*
Anyang Shopping Mall			
Anyang Diyi Shopping Street Shopping Mall in the PRC	25,310	24,815	17,924
Jinzhou Shopping Mall			
Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	35,055
Guangzhou Shopping Mall			
Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,570	17,142

For the Year, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants of approximately HK$55.8 million.

As at 31 December 2022, the fair values of investment properties of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall amounted to approximately HK$474 million, approximately HK$662 million and approximately HK$1,462 million respectively.

Real Estate in the UK

The Group holds luxury real estate in premium location in central London within close proximity to the Buckingham Palace ("**UK Investment Properties**"). As at 31 December 2022, the UK Investment Properties of the Group carried at fair value were approximately HK$575.8 million. The revenue generated from the UK Investment Properties for the Year was approximately HK$10.7 million, representing an increase of 81.4% as compared to approximately HK$5.9 million over the year ended 31 December 2021. Such increase in rental income was mainly attributable to the lease payment arising from the new lease of the town house at 6 Buckingham Gate, London, the United Kingdom leased out in July 2021 for a term of three years.

The business and operating model of the UK Investment Properties involves the leasing and property management of luxury residential properties in London, which are leased to high-end tourists and tenants for rental income.

As such, the overall segment results were therefore a loss of approximately HK$1,558.7 million, representing an increase of approximately 283.5% as compared to the loss of approximately HK$406.4 million in the year ended 31 December 2021, which was mainly due to provision for guarantee contracts of approximately HK$683.5 million, decrease in fair value of investment properties of approximately HK$679.2 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic and finance costs of approximately HK$177.8 million during the Year, which was due to the bank loan of approximately RMB1,350.0 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Group commenced the trading business of flooring materials with overseas customers in second half of 2021 and recorded revenue of approximately HK$83.4 million for the Year, representing an increase of 229.6%, as compared to approximately HK$25.3 million over the year ended 31 December 2021. The Group has made sales of flooring board materials to overseas customers by exporting to markets including the United States and India. Leveraging on the potential synergies with the Group's Shopping Mall Business in the PRC, we expect to capitalise on the shopping mall tenants and customer networks to develop and expand our domestic sales of flooring, ceiling and other decorative materials.

The Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Group operates in a highly competitive market. Sales of Medical Products were still negatively affected by the COVID-19 pandemic. The revenue for the Year decreased to approximately HK$9.9 million, represented a decrease of 43.4% as compared with approximately HK$17.5 million of the year ended 31 December 2021. The segment gain for medical equipment trading business for the Year was approximately HK$0.3 million, as compared to a loss of approximately HK$2.3 million for the year ended 31 December 2021.

(3) Mining and Exploitation of Natural Resources

Currently, the Group holds four mining right licences ("**Mining Rights**") of three tungsten projects in Mongolia. The segment of mining and exploitation of natural resources business recorded no revenue during the Year as numerous investors who we approached have suspended their negotiations with us due to the COVID-19 pandemic and the subsequent lockdown measures. In view of various factors including the closure of factories, suspension of production lines and therefore the lower market demand resulting from the resurgence of COVID-19, some of the potential mining partners or investors had lost interest in investing in this segment during the Year.

The carrying values of the Mining Rights was approximately HK$18.7 million as at 31 December 2022. The Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Assets Management

No segment revenue was recorded as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by repeated resurgence of COVID-19 pandemic and the China-US tension. The Group has adopted a prudent approach in financial investments during the Year. As such, the segment loss for the Year was approximately HK$3.5 million, compared with the segment loss of approximately HK$1.7 million for the year ended 31 December 2021. The status of each of the business in this segment is further discussed as below.

Financial services

The Group holds a money lenders licence in Hong Kong under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) through a wholly-owned subsidiary. Due to uncertain market conditions, the commencement of money lending business will be postponed.

Distressed debt assets management

The business incurred a loss of approximately HK$2.8 million for the Year, mainly representing the overhead costs of the business operation, whereas the loss of the year ended 31 December 2021 was approximately HK$2.6 million. The Directors will continue to assess whether the Group should continue to engage in distressed assets investment.

Securities investment

The Group sold majority of its securities investments in the Year, a net investment loss of approximately HK$0.5 million was recorded for the Year, as compared to a net investment income of approximately HK$1.0 million in the year ended 31 December 2021.

FINANCIAL REVIEW

Capital structure

As at 31 December 2022, the consolidated net asset of the Group was approximately HK$222.6 million, representing a decrease of approximately HK$1,490.6 million as compared to that of approximately HK$1,713.2 million as at 31 December 2021. There is no shares movement since the end of the last year. As at 31 December 2022, the Company has 5,250,019,852 shares of HK$0.05 each in issue and the total equity attributable to owners of the Company was approximately HK$221.0 million (as at 31 December 2021: approximately HK$1,711.0 million).

Liquidity and financial resources

As at 31 December 2022, the Group's bank balances and cash were approximately HK$222.9 million (as at 31 December 2021: approximately HK$255.4 million), current assets of approximately HK$349.1 million (as at 31 December 2021: approximately HK$392.1 million), current liabilities of approximately HK$3,005.1 million (as at 31 December 2021: approximately HK$2,392.4 million). The current ratio was 0.12 times*(Note 1)* (as at 31 December 2021: 0.16 times). As at the end of the Year, the net current liabilities of the Group were approximately HK$2,656.0 million (as at 31 December 2021: the net current liabilities of approximately HK$2,000.3 million).

As at 31 December 2022, the total debt financing of the Group was approximately HK$1,741.5 million (as at 31 December 2021: approximately HK$1,910.8 million), and there was no non-current debt financing for the Year (as at 31 December 2021: nil).

As at 31 December 2022, net debt*(Note 2)* of the Group was approximately HK$1,518.5 million (as at 31 December 2021 net debt of approximately HK$1,655.4 million) and the total equity was approximately HK$222.6 million (as at 31 December 2021: approximately HK$1,713.2 million). Therefore, the gearing ratio*(Note 3)* as at the end of the Year was 7.82 (as at 31 December 2021: 1.12).

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

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings – Bank balances and cash

3. Gearing ratio = Total interest-bearing borrowings/Total equity

Capital commitments

As at 31 December 2022, the Group has no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2021: nil).

Charges on group assets

As at 31 December 2022, the Group's bank borrowings of approximately HK$1,736.1 million were secured by certain assets of the Group, including investment properties and the equity interest of a wholly-owned subsidiary (as at 31 December 2021: approximately HK$1,907.8 million).

Contingent liabilities

As at 31 December 2022, the Group had no material contingent liabilities (as at 31 December 2021: nil).

Foreign exchange exposure

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 169 (as at 31 December 2021: 193) employees, of whom approximately 8.9% (as at 31 December 2021: 14.5%) were located in Hong Kong and the rest were located in the PRC and overseas.

The Group recognises the employees as the key element that contributes to the Group's success. The Group's remuneration policies are formulated based on the individual performance and the salaries trends in various regions, which will be reviewed annually. Apart from mandatory provident fund and medical insurance, the Company has adopted a share option scheme under which share options may also award to the Directors and eligible employees as an incentive with reference to the assessment of individual performance. The board of Directors ("**Board**") believes that the Group maintains an admirable relationship with the employees.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the Year (year ended 31 December 2021: nil).

PROSPECTS

The National Bureau of Statistics of the PRC announced that the gross domestic product ("**GDP**") in 2022 was approximately RMB121 trillion, representing a year-on-year increase of 3.0%. Annual final consumption expenditure drove GDP growth by 1 percentage point. Residents' income growth was basically in sync with economic growth. Market sales volume was basically stable, with faster growth in sales of basic daily necessities and online retail sales. The overall economic situation was stable, laying a solid foundation for sound development after the economy and daily life return to normal after the pandemic next year. The PRC's economic growth target for 2023 is 5%, which will take the lead in global economic recovery.

Looking forward to 2023, with the comprehensive relaxation of the pandemic prevention measures in the PRC, the PRC's overall economy will continue to improve, and business activities will resume normal. It is expected that the rental and management fee income of the Shopping Mall Businesses in the PRC will gradually return to the level before the pandemic. The shopping malls of the Group will continue to make good use of the integrated online and offline promotion model, and cooperate with online celebrities to market goods online and promote tenants' sales. At the same time, the Group also introduced early learning elements to the shopping mall experience, and added facilities and leisure activities targeting the interests of children and teenagers in order to attract more young consumers and young families, and drive the growth of the shopping mall business.

International trade is expected to become more active as the global COVID-19 pandemic eases, and the PRC's import and export business will regain momentum. Guangzhou Shopping Mall will expand the clothing export zone, work with fashion merchants to promote export trade business, and strengthen the position of the clothing wholesale zone in the export market.

Jinzhou Shopping Mall will optimize the tenants mix, cooperate with online and offline cross-media promotion and online sales celebrities to promote goods of tenants, and attract more young consumers to shop and consume in the mall. At the same time, safety management will be enhanced, with fire prevention, floods prevention, facility maintenance and building safety will be implemented comprehensively and rigorously.

Anyang Shopping Mall will carry out key promotions for major festivals throughout the year, enrich promotional videos production, and promote through mainstream media mobile application platforms to introduce to the new look of the mall to consumers.

The flooring materials trading business is expected to maintain sound development. In 2023, it is planned to further expand the North American market while exploring the development of the PRC, European and Indian markets.

For UK Investment Properties, the Group will be more active in collecting bids from investors for the purchase of UK Investment Properties. The Group will make the most appropriate arrangement for the properties after considering the situation of the real estate market in London, the bidding status and the benefits to the Group from the sale of UK Investment Properties.

The Group will continue to review the operating environment and capital market conditions and make timely and optimal adjustments to the assets and liabilities portfolio in order to strengthen the stability and sustainability of its businesses.

SUBSEQUENT EVENTS AFTER THE YEAR

After the Year, the Company became aware of litigation claims that had been brought in the PRC by an onshore bank against among others, Jinzhou Jiachi Public Facilities Management Co., Ltd. (錦州嘉馳公共設施管理有限公司) ("**Jinzhou Jiachi**") and Longain Park Limited (錦淩有限公司) ("**Longain**"), both of which are subsidiaries of the Company. Jinzhou Jiachi was alleged to have provided guarantees as one of the guarantors of bank loans taken out by third party companies, while Longain was alleged to have provided a pledge against the entire equity interest in Guangzhou Rongzhi Public Facilities Investment Co., Ltd. (廣州融智公共設施投資有限公司) ("**Guangzhou Rongzhi**", a subsidiary of Longain) for a bank loan taken out by Guangzhou Rongzhi.

Furthermore, after the Year, the Company became aware of additional guarantees alleged to have been provided by Guangzhou Rongzhi as one of the guarantors in 2019 and pledges alleged to have been provided by Jinzhou Jiachi and/or Guangzhou Rongzhi, against their respective operating rights to the Jinzhou Shopping Mall and the Guangzhou Shopping Mall, as one of the respective pledgors in 2018, for bank loans taken out by third party companies. Litigations claims had been brought in the PRC by an onshare bank against Jinzhou Jiachi and Guangzhou Rongzhi for the pledges alleged to have been provided by the two companies.

At the prevailing time of the above alleged events, neither Jinzhou Jiachi, Longain nor Guangzhou Rongzhi were subsidiaries of the Company. The Company acquired the entire equity interest in Jinzhou Jiachi, the entire shareholding interest in Longain and correspondingly the entire equity interest in Guangzhou Rongzhi through acquisitions that completed in April 2021. For further details regarding the aforementioned matters, please refer to the announcements of the Company dated 13 February 2023, 9 March 2023, 28 March 2023 and 4 April 2023, respectively.

PRC legal counsel has been engaged to advise on the said litigation claims. The Group reserves all rights and remedies it may have against seller of Jinzhou Jiachi and Longain Rongzhi and other relevant parties.

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

During the year ended 31 December 2022, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. During the year ended 31 December 2022, the Company has complied with all the applicable code provisions of the Corporate Governance Code ("**CG Code**") as set out in Part 2 of Appendix 14 to the Listing Rules, except for certain deviations disclosed herein.

The CG Code stipulates that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. During the Year, Mr. Wang Hongfang was the Chairman. Mr. Kwong Kai Sing Benny resigned from the positions of executive Director and CEO and Mr. Wang Hongfang was appointed as CEO with effect from 31 January 2022. Following such appointment, Mr. Wang Hongfang performs both roles of chairman and CEO since 31 January 2022 and is responsible for overseeing the daily operations of the Group. The Board believes that it is in the best interests of the Group to have Mr. Wang Hongfang taking up both roles for effective management and business development. In addition, the Group operations are also supervised and managed by the rest of the Board, comprising one other executive Director, one non-executive Director and three independent non-executive Directors, who provide balance of power and sufficient checks to protect interest of the Company and shareholders as a whole.

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

Further details of the Company's corporate governance practices would be set out in the corporate governance report to be contained in the Company's annual report for the year ended 31 December 2022.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"), as amended from time to time, as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2022.

AUDIT COMMITTEE AND REVIEW ON THE FINAL RESULTS

Reference is made to the announcement of the Company dated 31 March 2023 in relation to, among other things, the delay in publication of the audited consolidated annual results of the Group for the year ended 31 December 2022. The Board wishes to inform the shareholders of the Company that the said delay was mainly due to (i) the late receipt of outstanding original bank confirmation(s) from one of the principal banks of the Group, leading to the auditor of the Group requiring more time to complete audit procedure(s) in this regard; and (ii) the delay in finalization of provisions to be made for financial guarantees as a result of the aforementioned late receipt of bank confirmation(s).

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

As at 31 December 2022 and up to the date of this announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing. Ms. Liu Yan is elected as the chairman of the Audit Committee.

The audited consolidated financial statements of the Group for the year ended 31 December 2022 have been reviewed by the Audit Committee together with the management and the external auditors of the Company. The Audit Committee is satisfied that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/taiunited/index.html. The annual report of the Company for the year ended 31 December 2022 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
Tai United Holdings Limited
Wang Hongfang
Chairman and Chief Executive Officer

Hong Kong, 14 April 2023

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

Executive Directors:
Mr. Wang Hongfang
(Chairman and Chief Executive Officer)
Mr. Zheng Yuchun *(Executive President)*

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

Non-executive Director:
Mr. Xiao Yiqun

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