太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**" or the "**Directors**") of Tai United Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June	
		2018	2017
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue			
Goods and services	3	**3,896,995**	5,918,775
Property rental income		**48,914**	72,346
Effective interest income and arrangement fee income from loan note receivable		**108,912**	108,338
Net investment (loss) gains	4	**(45,309)**	643,516
Total		**4,009,512**	6,742,975
Other income		**6,017**	17,040
Other gains and losses	6	**(82,446)**	52,715
Purchases and changes in inventories		**(3,897,682)**	(5,982,840)
Employee benefits expenses		**(39,811)**	(45,060)
Other operating expenses		**(58,214)**	(125,732)
Changes in fair value of investment properties		**(2,325)**	3,990
Changes in fair value of assets classified as held-for-sale		**58,000**	–
Share of results of an associate		**(394)**	(35)
Finance costs	7	**(61,116)**	(89,090)
(Loss) profit before tax		**(68,459)**	573,963
Income tax expense	8	**(23,799)**	(37,303)
(Loss) profit for the period	9	**(92,258)**	536,660

	NOTE	Six months ended 30 June **2018** ***HK$'000*** **(unaudited)**	 2017 *HK$'000* (unaudited)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(16,379)**	92,619
Share of exchange difference of an associate		**–**	466
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate		**–**	(619)
Other comprehensive (expense) income for the period		**(16,379)**	92,466
Total comprehensive (expense) income for the period		**(108,637)**	629,126
(Loss) profit for the period attributable to:			
Owners of the Company		**(92,332)**	536,582
Non-controlling interests		**74**	78
		(92,258)	536,660
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(108,708)**	628,875
Non-controlling interests		**71**	251
		(108,637)	629,126
(Loss) earnings per share	11		
– Basic (HK cents)		**(1.76)**	10.64

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	NOTES	**30 June 2018 HK$'000 (unaudited)**	31 December 2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**28,884**	35,617
Investment properties	12	**2,674,840**	2,761,828
Intangible assets		**4,655**	4,655
Mining rights	13	**454,541**	454,541
Financial assets at fair value through profit or loss	14	**23,882**	–
Available-for-sale investments		**–**	70,919
Deferred tax assets		**6,061**	2,039
Other non-current assets		**6,000**	12,853
		3,198,863	3,342,452
Current assets			
Inventories		**3,530**	4,542
Financial assets at fair value through profit or loss	14	**399,370**	–
Financial assets designated as at fair value through profit or loss	16	**–**	446,660
Accounts receivable	17	**205,486**	166,617
Loan note receivable	15	**885,184**	1,472,118
Held-for-trading investments	19	**2,140,533**	2,244,524
Deposits, prepayments and other receivables		**116,122**	131,213
Financial derivative contracts		**–**	93,539
Structured deposits		**136,084**	89,020
Restricted bank deposits		**–**	1,117,534
Bank balances and cash		**1,112,387**	1,380,685
		4,998,696	7,146,452
Assets classified as held-for-sale		**–**	680,118
		4,998,696	7,826,570

	NOTES	30 June 2018 HK$'000 (unaudited)	31 December 2017 HK$'000 (audited)
Current liabilities			
Financial liabilities held-for-trading	19	**15,783**	6,600
Accounts and bills payables	20	**77,480**	1,346,530
Accrued liabilities and other payables		**305,418**	180,300
Borrowings	21	**1,056,592**	2,203,852
Amounts due to related companies		**–**	192
Loan from a related company		**121,486**	121,847
Other liabilities	22	**1,247,429**	1,203,767
Tax payables		**89,299**	77,773
		2,913,487	5,140,861
Net current assets		**2,085,209**	2,685,709
Total assets less current liabilities		**5,284,072**	6,028,161
Non-current liabilities			
Borrowings	21	**–**	620,904
Deferred tax liabilities		**224,572**	224,251
		224,572	845,155
Net assets		**5,059,500**	5,183,006
Capital and reserves			
Share capital	23	**262,501**	262,501
Reserves		**4,793,706**	4,917,283
Equity attributable to owners of the Company		**5,056,207**	5,179,784
Non-controlling interests		**3,293**	3,222
Total equity		**5,059,500**	5,183,006

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company										
	Share capital *HK$'000*	**Share premium** *HK$'000* *(Note d)*	**Contributed surplus reserve** *HK$'000* *(Note a)*	**Investments revaluation reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Statutory reserves** *HK$'000* *(Note c)*	**Other capital contribution reserve** *HK$'000* *(Note b)*	**(Accumulated losses) retained profit** *HK$'000*	**Subtotal** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2017 (audited)	240,164	4,341,585	52,743	–	(18,458)	–	7,312	(394,166)	4,229,180	3,050	4,232,230
Profit for the period	–	–	–	–	–	–	–	536,582	536,582	78	536,660
Exchange differences arising from translation of foreign operations	–	–	–	–	92,446	–	–	–	92,446	173	92,619
Share of exchange difference of an associate	–	–	–	–	466	–	–	–	466	–	466
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate	–	–	–	–	(619)	–	–	–	(619)	–	(619)
Other comprehensive income for the period	–	–	–	–	92,293	–	–	–	92,293	173	92,466
Total comprehensive income for the period	–	–	–	–	92,293	–	–	536,582	628,875	251	629,126
Issue of ordinary shares for acquisition of subsidiaries	22,337	585,233	–	–	–	–	–	–	607,570	–	607,570
Transfer to statutory reserves	–	–	–	–	–	8,813	–	(8,813)	–	–	–
At 30 June 2017 (unaudited)	262,501	4,926,818	52,743	–	73,835	8,813	7,312	133,603	5,465,625	3,301	5,468,926
At 31 December 2017 (audited)	262,501	–	4,884,536	5,095	102,410	57,485	7,312	(139,555)	5,179,784	3,222	5,183,006
Adjustments (see Note 2)	–	–	–	(5,095)	–	–	–	(9,774)	(14,869)	–	(14,869)
At 1 January 2018 (restated)	262,501	–	4,884,536	–	102,410	57,485	7,312	(149,329)	5,164,915	3,222	5,168,137
(Loss) profit for the period	–	–	–	–	–	–	–	(92,332)	(92,332)	74	(92,258)
Exchange differences arising from translation of foreign operations	–	–	–	–	(16,376)	–	–	–	(16,376)	(3)	(16,379)
Total comprehensive (expense) income for the period	–	–	–	–	(16,376)	–	–	(92,332)	(108,708)	71	(108,637)
Transfer to statutory reserves	–	–	–	–	–	4,531	–	(4,531)	–	–	–
At 30 June 2018 (unaudited)	262,501	–	4,884,536	–	86,034	62,016	7,312	(246,192)	5,056,207	3,293	5,059,500

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) Other capital contribution reserve represents the initial fair value adjustment on loan from a related company.

(c) 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.

(d) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

1. BASIS OF PREPARATION

The condensed consolidated financial statements of Tai United Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

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

Under HKFRS 15, the Group recognised revenue from the following major sources:

- Sale of petrochemical products, metal-related product, medical equipment and other general goods; and
- Services fees, commission and broking income from financial services business and insurance brokerage business.

Recognition

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.

Service fee income are recognised when the relevant transactions have been arranged or the relevant services have been rendered.

Commission and broking income for broking business is recorded as income on a trade date basis.

Insurance brokerage service income is recognised when the underlying service transactions are completed.

In accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. At the date of initial application, 1 January 2018, there is no difference recognised in the opening accumulated losses and no comparative information has been restated.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- 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 Group satisfies a performance obligation.

Under HKFRS 15, the Group 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 customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

2.1.2 Summary of effects arising from initial application of HKFRS 15

The initial application of HKFRS 15 on 1 January 2018 has no material impact on the Group's condensed consolidated financial statements with regards to the revenue recognition.

2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments ("HKFRS 9")

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

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

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

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15. Trade receivables arising from leases are initially measured in accordance with HKAS 17 *Leases* ("**HKAS 17**").

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"). In addition, the Group may irrevocably designated a debt investment that meets the amortised costs or FVTOCI criteria as measured as FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

The directors of the Company (the "**Directors**") reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and financial liabilities and the impacts thereof are detailed in Note 2.2.2.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including accounts receivable, other receivables, restricted bank deposits, bank balances and loan note receivable). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for accounts receivable except for the accounts receivable arising from property rental income. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable and loan note receivable where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of HKFRS 9

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

	Notes	**Available-for-sale investments**	**Financial assets designated as at FVTPL**	**Loan note receivable**	**Accounts receivable**	**Financial assets at FVTPL required by HKAS 39/ HKFRS 9**	**Deferred tax assets**	**Accumulated losses**	**Investments revaluation reserve**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Closing balance at 31 December 2017 – HKAS 39		70,919	446,660	1,472,118	166,617	–	2,039	139,555	(5,095)
Effect arising from initial application of HKFRS 9:									
Reclassification									
From available-for-sale investments	(a)	(70,919)	–	–	–	70,919	–	(5,095)	5,095
From financial assets designated as at FVTPL	(b)	–	(446,660)	–	–	446,660	–	–	–
Remeasurement									
Impairment under ECL model	(c)	–	–	(10,010)	(6,479)	–	1,620	14,869	–
Opening balance at 1 January 2018		–	–	1,462,108	160,138	517,579	3,659	149,329	–

(a) From available-for-sale investments to FVTPL

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

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

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

The remaining held-for-trading investments, financial liabilities held-for-trading and structured deposits are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets and liabilities from the application of HKFRS 9.

(c) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable except for the accounts receivable arising from property rental income. To measure the ECL, accounts receivable except for the accounts receivable arising from property rental income have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of accounts receivable arising from property rental income, other receivables, restricted bank deposits, bank balances and loan note receivable, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the additional credit loss allowance of HK$16,489,000 and increase in deferred tax assets of HK$1,620,000 has been recognised against accumulated losses. The additional loss allowance is charged against the accounts receivable and loan note receivable, respectively. Except for the accounts receivable and loan note receivable, the Directors reviewed and assessed the impairment of other receivables, restricted bank deposits and bank balances under ECL model, and no additional loss allowance is recognised against accumulated losses.

All loss allowances for financial assets including accounts receivable and loan note receivable as at 31 December 2017 reconcile to the opening loss allowance as at 1 January 2018 is as follows:

	Accounts receivable	**Loan note receivable**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount at 31 December 2017 under HKAS 17 and HKAS 39	36	–	36
Amount remeasured through opening accumulated losses	6,479	10,010	16,489
Carrying amount at 1 January 2018	6,515	10,010	16,525

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31 December 2017	HKFRS 9	1 January 2018
	HK$'000	*HK$'000*	*HK$'000*
	(audited)		(restated)
Non-current assets			
Financial assets at FVTPL	–	70,919	70,919
Available-for-sale investments	70,919	(70,919)	–
Deferred tax assets	2,039	1,620	3,659
Others with no adjustments	3,269,494	–	3,269,494
	3,342,452	1,620	3,344,072
Current assets			
Financial assets at FVTPL	–	446,660	446,660
Financial assets designated as at FVTPL	446,660	(446,660)	–
Accounts receivable	166,617	(6,479)	160,138
Loan note receivable	1,472,118	(10,010)	1,462,108
Others with no adjustments	5,741,175	–	5,741,175
	7,826,570	(16,489)	7,810,081
Current liabilities			
Others with no adjustments	5,140,861	–	5,140,861
Net current assets	2,685,709	(16,489)	2,669,220
Total assets less current liabilities	6,028,161	(14,869)	6,013,292
Non-current liabilities			
Others with no adjustments	845,155	–	845,155
Net assets	5,183,006	(14,869)	5,168,137
Capital reserves			
Share capital	262,501	–	262,501
Reserves	4,917,283	(14,869)	4,902,414
Equity attributable to owners of the Company	5,179,784	(14,869)	5,164,915
Non-controlling interests	3,222	–	3,222
Total equity	5,183,006	(14,869)	5,168,137

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue:

	For the six months ended 30 June 2018			
Segments	**Financial services** *HK$'000*	**Commodity trading** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Types of goods and services				
Sales of petrochemical products	–	**3,593,952**	–	**3,593,952**
Sales of metal-related products	–	**282,913**	–	**282,913**
Sales of medical equipment and other general goods	–	–	**17,119**	**17,119**
Services fees, commission and broking income from financial services business and insurance brokerage business	**3,011**	–	–	**3,011**
Total	**3,011**	**3,876,865**	**17,119**	**3,896,995**
Geographical markets				
Singapore	–	**3,876,865**	–	**3,876,865**
The People's Republic of China (the "**PRC**")	–	–	**17,119**	**17,119**
Hong Kong	**3,011**	–	–	**3,011**
Total	**3,011**	**3,876,865**	**17,119**	**3,896,995**
Timing of revenue recognition				
At a point in time	–	**3,876,865**	**17,119**	**3,893,984**
Over time	**3,011**	–	–	**3,011**
Total	**3,011**	**3,876,865**	**17,119**	**3,896,995**

4. NET INVESTMENT (LOSS) GAINS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Changes in fair value of financial assets at FVTPL	**49,611**	–
Changes in fair value of financial assets (liabilities) held-for-trading	**(94,920)**	569,523
Changes in fair value of financial assets designated as at FVTPL	**–**	73,993
	(45,309)	643,516

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 (the "**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) Others 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.

For the six months ended 30 June 2018 (unaudited)

	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*	Others *HK$'000*	Total *HK$'000*
Segment revenue	**111,923**	**(94,920)**	**3,876,865**	**48,914**	**49,611**	**–**	**17,119**	**4,009,512**
Segment results	**67,858**	**(108,903)**	**(21,600)**	**72,798**	**40,597**	**(2,450)**	**309**	**48,609**
Share of results of an associate								**(394)**
Net foreign exchange losses								**(31,831)**
Net losses on disposal of Excel Fine Holdings Limited ("**Excel Fine**") and Best Future Investments Limited ("**Best Future**")								**(8,900)**
Changes in fair value of financial assets at FVTPL								**626**
Unallocated finance costs								**(31,821)**
Central administration costs								**(44,748)**
Loss before tax								**(68,459)**

For the six months ended 30 June 2017 (unaudited)

	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*	Others *HK$'000*	Total *HK$'000*
Segment revenue	112,659	569,523	5,905,250	72,346	73,993	–	9,204	6,742,975
Segment results	62,941	529,909	(5,444)	46,358	61,987	(16,702)	(127)	678,922
Share of results of an associate								(35)
Net foreign exchange gains								36,037
Gain on disposal of an associate								987
Unallocated finance costs								(63,070)
Central administration costs								(78,878)
Profit before tax								573,963

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both 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, net losses on disposal of Excel Fine and Best Future, changes in fair value of financial assets at FVTPL and share of results of an associate. 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:

	30 June 2018 *HK$'000* **(unaudited)**	31 December 2017 *HK$'000* (audited)
Segment assets		
Financial services	**1,637,558**	1,901,120
Securities investment	**2,469,021**	3,178,208
Commodity trading	**186,854**	1,377,325
Property investment	**2,829,403**	3,512,886
Distressed debt asset management	**405,992**	454,571
Mining and exploitation of natural resources	**456,946**	457,096
Others	**16,299**	14,884
Total segment assets	**8,002,073**	10,896,090
Available-for-sale investments	**–**	70,919
Structured deposits	**136,084**	89,020
Unallocated financial assets at FVTPL	**23,882**	–
Unallocated property, plant and equipment	**18,237**	21,871
Unallocated intangible assets	**4,155**	4,155
Other unallocated corporate assets	**13,128**	86,967
Consolidated assets	**8,197,559**	11,169,022

	30 June 2018 *HK$'000* **(unaudited)**	31 December 2017 *HK$'000* (audited)
Segment liabilities		
Financial services	**1,249,830**	1,311,139
Securities investment	**872,319**	1,049,548
Commodity trading	**81,343**	1,247,682
Property investment	**662,499**	780,141
Distressed debt asset management	**49,001**	34,771
Mining and exploitation of natural resources	**93,681**	93,679
Others	**6,664**	3,689
Total segment liabilities	**3,015,337**	4,520,649
Amounts due to related companies	**–**	192
Loan from a related company	**121,486**	121,847
Unallocated borrowings	**–**	1,307,498
Other unallocated corporate liabilities	**1,236**	35,830
Consolidated liabilities	**3,138,059**	5,986,016

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

- all assets are allocated to operating and reportable segments other than available-for-sale investments, structured deposits, unallocated financial assets at FVTPL, unallocated property, plant and equipment, unallocated intangible assets and other unallocated corporate assets (including primarily unallocated bank balances and cash).

- all liabilities are allocated to operating and reportable segments other than amounts due to related companies, loan from a related company, unallocated borrowings and other unallocated corporate liabilities.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Changes in fair value of financial assets at FVTPL	**626**	–
Changes in fair value of financial derivative contracts	**62**	55,950
Changes in fair value of structured deposits	**1,951**	–
Gain on disposal of an associate	**–**	987
(Impairment loss) reversal of impairment loss on		
– accounts receivable	**(3,755)**	–
– loan note receivable	**3,950**	–
– other receivables	**(5,955)**	–
Loss on disposal of property, plant and equipment	**(85)**	–
Net foreign exchange (losses) gains	**(31,831)**	36,037
Net losses on disposal of Excel Fine and Best Future *(Notes 25(a), (b) and (c))*	**(8,900)**	–
Profits attributable to the third parties' interests in consolidated structured entities	**(38,509)**	(40,259)
	(82,446)	52,715

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on		
– other borrowings	**21,717**	15,656
– margin financing loans	**16,310**	8,848
– secured bank borrowings	**13,422**	25,350
– loan from a related company	**4,941**	6,007
– loan notes	**–**	29,421
– vendor financing loan	**–**	1,102
Others	**4,726**	2,706
	61,116	89,090

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income tax ("**EIT**")	**13,597**	14,432
Singapore Corporate Tax ("**CIT**")	**–**	5,325
Hong Kong Profits Tax	**9,636**	11,085
UK Profits Tax	**–**	3,205
Overprovision in prior year:		
Hong Kong Profits Tax	**–**	(348)
Deferred tax	**566**	3,604
	23,799	37,303

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

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

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 condensed consolidated financial statements as there are no assessable profits for both periods.

UK Profits Tax is calculated at 19% (six months ended 30 June 2017: ranged from 19% to 20%) of estimated assessable profit for the six months ended 30 June 2018.

9. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived after charging (crediting):

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**3,897,682**	5,982,840
Depreciation of property, plant and equipment	**5,214**	13,681
Amortisation of intangible assets	**–**	666
Operating lease rental in respect of office premises	**13,468**	15,079
Gross rental income from investment properties	**(48,914)**	(72,346)
Less: direct operating expenses arising from investment properties that generated rental income	**6,540**	6,485
	(42,374)	(65,861)

10. DIVIDEND

The Directors have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2017: an interim dividend of HK$0.0181 per share with total amount of approximately HK$95,000,000).

Subsequent to the end of the reporting period, a special dividend of HK$0.2858 per share with total amount of approximately HK$1,500,456,000 in respect of the disposal of shares in the Hongkong and Shanghai Hotels, Limited (the "**HSH shares**") has been approved by the shareholders.

11. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) earnings		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	**(92,332)**	536,582

	Six months ended 30 June	
	2018	2017
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic (loss) earnings per share	**5,250,021**	5,045,160

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

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2017 (audited)	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)
Disposal through disposal of a subsidiary	(1,189,720)
Exchange realignment	342,201
At 31 December 2017 (audited)	2,761,828
Changes in fair value recognised in profit or loss	(2,325)
Disposals	(45,603)
Exchange realignment	(39,060)
At 30 June 2018 (unaudited)	2,674,840

13. MINING RIGHTS

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. The three mining rights in Nogoonnuur Soum have remaining legal lives of 14 to 18 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Tsengel Soum of Bayan-Ulgii Aimag has a remaining legal life of 19 years, expiring in July 2036. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia (the "**Mongolia Mineral Authority**") and may be extended for two successive additional periods of 20 years each. The Directors are of the opinion that the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. No active mining operation of the Group has taken place yet during the six months ended 30 June 2018.

During the six months ended 30 June 2018, an independent qualified mineral technical adviser not connected to the Group engaged by the Group has completed first phase of exploitation work regarding the recoverable reserves, resources and exploration potential for three mining rights in Nogoonnuur Soum of Bayan-Ulgii Aimag. Based on interim progress report on exploitation work conducted by the qualified mineral technical adviser, the Directors did not notice any negative findings on recoverable reserves, resources and exploration potential of these mining rights.

The Group is in the progress of negotiation with an independent third party for a potential cooperative arrangement as to carry out a joint exploitation of the mining rights in Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag which is expected to commence no later than the end of 2021. The Group and the independent third party are in the progress to identify a new independent qualified mineral adviser, which to be engaged by both parties, to conduct the exploitation work regarding the recoverable reserves, resources and exploration.

In addition, the Group received several notices from the Mongolia Mineral Authority during the six months ended 30 June 2018 and requested the Group to prepare updated resource estimation technical reports and feasibility study reports on the mining rights in Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag. The Group commenced the discussion with the Mongolia Mineral Authority regarding the feasibility of conducting mining activities on these mining rights. The Group consulted with legal advisers on the legal implications and with reference to the legal advice, the mining licenses of these mining rights owned by the Group are still in effect as at the date of this announcement and the Group will prepare an updated resource estimation technical reports and feasibility study reports on these mining rights in order to fulfil the requests from Mongolia Mineral Authority.

Considering the above facts, the Directors were of the view that no impairment loss for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil) need to be recognised for the mining rights in the condensed consolidated statement of profit or loss and other comprehensive income after considering the recoverable tungsten reserve based on the previous resource estimation technical report and recent tungsten price in the impairment assessment of the four mining rights located in Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag. The Group also engaged an independent qualified professional valuer not connected with the Group, Jones Lang LaSalle Corporation Appraisal and Advisory Limited ("JLL"), to perform the valuation of the mining rights at 30 June 2018 based on the previous resource estimation technical report, the latest feasibility study report. The results of the valuation conducted by JLL support the Directors' view.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 *HK$'000* **(unaudited)**	31 December 2017 *HK$'000* (audited)
Distressed debt assets *(Notes (a) and (b))*	**399,370**	–
Unlisted equity securities in		
– Singapore *(Note (b))*	**22,697**	–
– The PRC *(Note (b))*	**1,185**	–
	423,252	–
Analysed of reporting purposes as:		
Non-current assets	**23,882**	–
Current assets	**399,370**	–
	423,252	–

Notes:

a) The Group acquired distressed debt assets through public tenders in the PRC with collaterals, including residential, industrial and commercial buildings and land use rights located in the PRC. Such distressed debt assets are accounted for as financial assets at FVTPL upon adoption of HKFRS 9. The changes in fair value comprised realised gains from disposal of distressed debt assets and their unrealised fair value changes. Any interest income arising from such assets are also included in the changes in their fair values.

b) The fair values of the distressed debt assets and unlisted equity securities were determined with reference to a valuation report prepared by JLL, an independent qualified professional valuer not connected with the Group.

15. LOAN NOTE RECEIVABLE

	30 June 2018 *HK$'000* **(unaudited)**	31 December 2017 *HK$'000* (audited)
Loan note receivable	**891,244**	1,472,118
Impairment loss recognised	**(6,060)**	–
	885,184	1,472,118

Effective interest income on loan note receivable amounting to HK$108,912,000 (six months ended 30 June 2017: HK$108,338,000) (including amortisation of arrangement fee income and advisory income amounting to HK$46,364,000 (six months ended 30 June 2017: HK$46,143,000)) have been recognised in profit or loss during the six months ended 30 June 2018. The balances of loan note receivable are within credit period as of 30 June 2018 and 31 December 2017.

Details of the impairment assessment are set out in Note 18.

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 residential, industrial and commercial buildings and land use rights located in the PRC. Such distressed debt assets are accounted for as financial assets designated at FVTPL according to their investment management strategy. The changes in fair value of financial assets designated as at FVTPL comprise realised gains from disposal of distressed debt assets and their unrealised fair value changes. Any interest income arising from such assets are also included in the changes in their fair values.

As at 31 December 2017, the fair value of the distressed debt assets was determined with reference to a valuation report prepared by JLL, an independent qualified professional valuer not connected with the Group, amounting to approximately HK$446,660,000. Upon adoption of HKFRS 9 on 1 January 2018, financial assets designated as at FVTPL have been reclassified as financial assets at FVTPL as disclosed in Note 2.2.2.

17. ACCOUNTS RECEIVABLE

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivable arising from the sales of petrochemical products and metal-related products	**155,158**	27,558
Accounts receivable arising from property rental income	**51,950**	32,887
Accounts receivable arising from the business of dealing in securities:		
– margin clients	**–**	40,645
– cash clients	**–**	1,654
Accounts receivable arising from the business of dealing in futures and options:		
– clients	**–**	35,535
– clearing houses, brokers and dealers	**–**	21,587
Accounts receivable arising from the business of insurance brokerage	**413**	2,163
Accounts receivable arising from the sales of medical equipment and other general goods	**8,199**	4,624
	215,720	166,653
Impairment loss in relation to:		
Accounts receivable arising from property rental income	**(10,234)**	–
Accounts receivable arising from the business of dealing in securities on margin clients	**–**	(36)
Total	**205,486**	166,617
Analysed of reporting purposes as:		
Secured	**–**	40,609
Unsecured	**205,486**	126,008
Total	**205,486**	166,617

The Group allows a credit period of 30 to 120 days (31 December 2017: 30 to 120 days) to its customers in relation to sales of medical equipment and other general goods and sales of petrochemical products and metal-related products depending on the type of products sold.

The property rental income receivable from tenants and account receivable arising from the business of insurance brokerage are due for settlement upon issuance of invoices.

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 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, petrochemical products and metal-related products, property rental income and insurance brokerage service which approximated the respective revenue recognition dates:

	30 June 2018 *HK$'000* **(unaudited)**	31 December 2017 *HK$'000* (audited)
Within 30 days	**164,177**	10,661
31 – 90 days	**20,753**	38,450
91 – 120 days	**11,742**	15,416
Over 120 days	**8,814**	2,705
	205,486	67,232

Details of the impairment assessment are set out in Note 18.

18. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

Since the adoption of HKFRS 9 on 1 January 2018, the Group applied the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all accounts receivable except for the accounts receivable arising from property rental income.

As part of the Group's credit risk management, the Group applied internal credit rating for its accounts receivable. The exposure to credit risk and ECL for accounts receivable amounted to approximately HK$163,770,000, are assessed collectively using a provision matrix with appropriate groupings as at 30 June 2018 with insignificant impairment loss allowance made on these accounts receivable.

In addition, the Group applied the HKFRS 9 general approach to measure ECL which uses a 12m ECL for all other instruments (including accounts receivable arising from property rental income, other receivables, restricted bank deposits, bank balances and loan note receivable), unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL based on significant increases in the likelihood or risk of a default occurring since initial recognition. The management of the Group assessed the expected loss on accounts receivable arising from property rental income, other receivables, restricted bank deposits, bank balances and loan note receivable with significant balances individually.

All other instruments with significant balances amounting to approximately HK$2,109,401,000 as at 30 June 2018 were assessed individually and impairment allowance of approximately HK$5,760,000 were made on these debtors during the current interim period.

Allowance for impairment

The movements in the allowance for impairment under simplified approach and general approach during the current interim period were as follows:

	HK$'000
Balance at 1 January 2018* (unaudited)	16,489
Impairment losses provided	5,760
Balance at 30 June 2018 (unaudited)	22,249

* The Group initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

19. HELD-FOR-TRADING INVESTMENTS

	30 June 2018 ***HK$'000*** **(unaudited)**	31 December 2017 *HK$'000* (audited)
Financial assets held-for-trading:		
Listed equity securities held-for-trading in Hong Kong	**2,140,533**	2,244,524
Financial liabilities held-for-trading:		
Commodity futures contracts held-for-trading in Singapore	**15,783**	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.

20. ACCOUNTS AND BILLS PAYABLES

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts and bills payable arising from the purchase of petrochemical products and metal-related products	**75,952**	1,242,218
Accounts payable arising from the business of dealing in securities:		
– clearing house, brokers and dealers	**–**	12,127
– cash clients	**–**	6,597
– margin clients	**–**	28,384
Accounts payable to clients arising from the business of dealing in futures and options	**–**	53,546
Accounts payable arising from the business of insurance brokerage	**324**	2,294
Accounts payable arising from the sale of medical equipment and other general goods	**1,204**	1,364
	77,480	1,346,530

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 arising from the business of dealing in securities, 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 accounts and bills payable arising from the purchase of petrochemical products and metal-related products and accounts payable arising from the sale of medical equipment and other general goods and insurance brokerage service based on the invoices and bills issuance dates at the end of the reporting period:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**76,536**	148,640
31 – 90 days	**816**	1,097,236
More than 91 days but within 1 year	**128**	–
	77,480	1,245,876

21. BORROWINGS

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Secured variable-rate bank borrowings *(Note (a))*	**446,089**	889,889
Less: loan raising costs	**(419)**	(2,567)
	445,670	887,322
Margin financing loans *(Note (b))*	**610,922**	1,028,403
Loan instrument	**–**	620,904
Other borrowings	**–**	288,127
	1,056,592	2,824,756
Analysed of reporting purposes as:		
Secured	**1,056,592**	2,536,629
Unsecured	**–**	288,127
	1,056,592	2,824,756

Notes:

(a) As at 30 June 2018, the variable-rate bank borrowings of approximately HK$446,089,000 (31 December 2017: HK$489,889,000) carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.6% (31 December 2017: 2.6%) per annum, which the effective interest rates are ranged from 3.12% to 3.27% (31 December 2017: 2.88% to 3.12%) per annum.

(b) The margin financing loans were arranged with securities brokers which are independent third parties. As at 30 June 2018, the variable-rate margin financing loans of approximately HK$610,922,000 (31 December 2017: HK$1,028,403,000) carried interest at the Hong Kong banks' prime rate minus a margin of 1.0% to 2.45% (31 December 2017: 1.0% to 2.45%) per annum and repayable on demand and the effective interest rate is 2.8% to 4.0% per annum (31 December 2017: 2.8% to 4.0%).

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(unaudited)	(audited)
The carrying amounts of the above borrowings are repayable *(Note)*:		
Within one year	**854,263**	1,202,981
More than two years, but not exceeding three years	**–**	620,904
	854,263	1,823,885
The carrying amount of secured borrowings that contains a repayment on demand clause (shown under current liabilities) but contractually repayable as follows:		
Within one year	**202,329**	700,871
More than one year, but not exceeding two years	**–**	300,000
	202,329	1,000,871
	1,056,592	2,824,756
Less: amounts due within one year shown under current liabilities	**(1,056,592)**	(2,203,852)
Amounts shown under non-current liabilities	**–**	620,904

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

Details of charges over the borrowings are disclosed in Note 24.

22. OTHER LIABILITIES – INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

As at 30 June 2018, the Group had consolidated an investment fund structured entity – Haitong Dynamic Fund as disclosed in Note 15. For the six months ended 30 June 2018, profits attributable to the third parties interests of approximately of HK$38,509,000 (six months ended 30 June 2017: HK$40,259,000) in consolidated structured entities is presented in other gains and loss in the condensed 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$1,247,429,000 (31 December 2017: HK$1,203,767,000) as at 30 June 2018 is presented as other liabilities in the condensed consolidated statement of financial position.

23. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2017, 31 December 2017 and 30 June 2018	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2017 (audited)	4,803,277,308	240,164
Issue of shares on 24 March 2017	446,742,544	22,337
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	5,250,019,852	262,501

24. CHARGES ON ASSETS

The Group has the following charges on assets for bills payables and certain borrowings as set out in Notes 20 and 21 as at 30 June 2018 and 31 December 2017:

	30 June 2018 ***HK$'000*** **(unaudited)**	31 December 2017 *HK$'000* (audited)
Investment properties		
– Residential property units located in UK *(Note (a))*	**1,015,280**	1,080,848
– Commercial property units located in Hong Kong classified as held-for-sale	**–**	680,000
	1,015,280	1,760,848
Restricted bank deposits	**–**	1,117,534
Held-for-trading investments *(Note (b))*	**2,140,533**	2,244,524
	3,155,813	5,122,906

(a) The investment properties, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK$446,089,000 (31 December 2017: HK$489,889,000).

(b) Held-for-trading investments were pledged to securities brokers to secure for margin financing loans with an outstanding amount of approximately HK$610,922,000 (31 December 2017: HK$1,028,403,000).

25. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Excel Fine

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

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

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

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

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

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

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

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

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

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

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

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

	HK$'000
Net cash outflow arising on first and second disposal of Best Future:	
Cash consideration received on 18 January 2018	104,940
Cash consideration received on 1 June 2018	31,000
Less: bank balances and cash disposed of	(158,881)
Net cash outflow	(22,941)

26. EVENTS AFTER REPORTING PERIOD

On 26 June 2018, the Group entered into a sale and purchase agreement with a related company of the Company in relation to the disposal of HSH shares at a cash consideration of HK$2,359,817,000. The completion is conditional upon the sale and purchase agreement being approved by the shareholders in the special general meeting ("**SGM**") held on 21 August 2018. The disposal transaction has been approved by the shareholders in SGM and completed on 22 August 2018. A special dividend of HK$0.2858 per share with total amount of approximately HK$1,500,456,000 has been approved in the SGM.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The major businesses of the Group include (i) investment and asset management; (ii) financial services; and (iii) other business.

(1) Investment and Asset Management

Distressed Debt Assets Management

Through building up various investment channels with local governments, large financial institutions and other strategic clients, our onshore professional team has been proactively tapping into the value gap of distressed debt assets in the People's Republic of China ("**PRC**"). After acquiring quality distressed bank loan portfolio strategically through public tenders, our professional team will utilize diversified asset disposal plans and tailor these plans according to the features of different distressed assets, individual debtors and collaterals in a bid to maximize its overall revenues.

According to the analysis of China's financial distressed asset market research report (2018) released by China Oriental Asset Management Co., Ltd. in April, with the expansion of local asset management companies, the buyer's market competition for distressed assets was fierce and hence significantly pushing up the price of distressed asset packages. Furthermore, China's State Administration of Foreign Exchange made several enhancements to an existing pilot program regarding the cross-border transfer of Chinese Non-Performing Loans ("**NPL**") to foreign investors in Shenzhen in May, making it even more efficient for foreign investors to participate in China's NPL market. After taking into account that funds continued to flow into the distressed assets industry, asset prices were being quickly pushed up and industry risk emerged. The Group will continue to carry out distressed debt assets acquisitions according to our principle of prudence and leveraged the favourable conditions of asset price increase to dispose of its existing assets rapidly.

As at the end of this period, the distressed debt assets held by the Group measured at fair value amounted to HK$399 million, representing a decrease of 11% over the end of previous period. And the profit contribution of this segment was decreased by HK$24 million (32%) to HK$50 million for the six months ended 30 June 2018 as compared to the same corresponding period.

Property Investment

During the period under review, the Group builds its balanced and diversified property investment portfolio covering Hangzhou, the PRC and London, the United Kingdom, in order to seize the market development opportunities of real estate in major developed offshore regions. This business segment is not only offer long-term rental returns and asset appreciation, but also enhance the diversity and stability of the Group's profit.

The revenue generated from property investment for the six months ended 30 June 2018 decreased 32% to HK$49 million, as compared to the corresponding period of 2017, which was mainly attributable to the disposal of a commercial building in London, the United Kingdom in September 2017.

Commodity Trading

During the period under review, the Group attached great importance on non-ferrous metals and energy and chemical products. By capitalising on its well-established supply chain relationship in the industry both domestic and abroad and its diversified banking products, it commenced spot commodity trading, supply chain management and risk-free arbitrage businesses.

In the first half of 2018, trade dispute news has dominated metal prices as overall uncertainty over the impact of global tariffs fed further volatility for the metal markets, while some crude oil export countries have declined output which made crude oil price continued to increase amid concerns over tighter global oil supplies. During the six months ended 30 June 2018, the Group reduced its trade activities resulting to the decrease in revenue generated from commodity trading amounted to HK$3,877 million, representing a decrease of 34% over the same period of previous year.

Securities Investment

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

In the first six months of 2018, Mainland China and Hong Kong stock markets were volatile and remained turbulent as trade dispute intensified possibly exacerbating capital outflow and currency depreciation. In light of this, the Group recorded substantial losses of HK$95 million arising on fair value changes on trading securities, and such losses were unrealised losses and non-cash in nature for the period under review. As at the end of the period, the listed equity securities investment held by the Group amounted to HK$2,141 million, representing a decrease of 5% over the end of previous year.

On 25 June 2018, the Company entered into a sale and purchase agreement with Solis Capital Limited ("**Solis Capital**"), an associate which is wholly-owned by Satinu Resources Group Ltd., the controlling shareholder of the Company in relation to the proposed disposal of shares in The Hongkong and Shanghai Hotels, Limited ("**HSH**") held by the Group. Details of the disposal were set out in the paragraph headed "**Material Disposals**".

(2) Financial Services

Following to the disposal of 67% controlling interest in Best Future Investments Limited ("**Best Future**") in January 2018, the Group's revenue generated from financial services for the six months ended 30 June 2018 was HK$112 million, representing a decrease of 1% over the corresponding period of 2017. In which of such revenue, HK$109 million was derived from the effective interest income and arrangement fee income from the loan note investment. Details of which were set out in Note 15 to the Condensed Consolidated Financial Statements of this announcement.

Details of the disposal in Best Future were set out in the paragraph headed "Material Disposals".

(3) Other Business

Mining and Exploitation of Natural Resources

The Group is in the course of exploring various feasible mining work plans with our qualified mineral technical advisor and professional mining consultant under the backdrop of unstable global commodity market price. With a view to reduce exposure to commodity, geopolitical, environmental and other business risks encountering during the period of mineral exploration, the Board will consider any possible business arrangements including strategic mining partnerships with trustworthy explorer worldwide. The Company will make further announcement in due course or as and when necessary.

MATERIAL DISPOSALS

Disposal of 100% equity interest in Best Future

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

As at the date of the agreements, Best Future and its wholly-owned subsidiaries (the "**Disposal Group**") were principally engaged in (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance; and (ii) money lending business. The Company subsequently disposed of the remaining 33% equity interest in Best Future on 1 June 2018 to another independent third party and did not hold any equity interest in the Disposal Group as at 30 June 2018.

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

On 21 September 2017, Tai Infinite Holdings Group Limited (a wholly-owned subsidiary of the Company, "**Tai Infinite Holdings**"), as the vendor, and the Company (as the vendor's guarantor) entered into a provisional sale and purchase agreement (the "**Provisional SP Agreement**") with Profit Gate International Limited ("**Profit Gate**"), pursuant to which Tai Infinite Holdings has conditionally agreed to sell, and Profit Gate has conditionally agreed to acquire, (i) the sale shares, representing the entire issued share capital of Excel Fine, and (ii) the sale debts, representing the entire shareholder's loan owed by Excel Fine to Tai Infinite Holdings as at completion date i.e. 28 March 2018, at an aggregate cash consideration of HK$738 million. The respective formal sale and purchase agreement ("**Excel Fine Formal Agreement**") was signed on 23 October 2017. Excel Fine is a property holding company and its principal asset is the property in Hong Kong, i.e. the entire 79th floor of The Center, a high rise office tower in Central, Hong Kong. All the conditions precedents as set out in the Provisional SP Agreement and Excel Fine Formal Agreement have been fulfilled and the disposal of Excel Fine was completed on 28 March 2018 (the "**Completion**").

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

Disposal of shares in HSH

On 26 June 2018, the Company and Solis Capital entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**") in relation to the proposed disposal ("**Disposal**") by the Company to Solis Capital of 184,360,714 shares ("**Sale Shares**") of the HSH (a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 45) at the consideration of HK$12.80 per Sale Share or HK$2,359,817,139.20 in aggregate. The Sale Shares represented approximately 11.47% of the issued share capital of HSH as at the date of the Sale and Purchase Agreement.

Given that the Disposal constituted a major transaction and a connected transaction for the Company under Chapter 14 and Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, it was subjected to the approval of the independent shareholders of the Company. On 21 August 2018, a special general meeting ("**SGM**") was held and the resolution for the Disposal was passed. After the completion of the Disposal took place on 22 August 2018, the Group did not hold any HSH shares.

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

Proposed disposal of a property holding company

On 15 June 2018, the Company entered into a memorandum of understanding ("**MOU**") with an independent third party (the "**Proposed Purchaser**"), pursuant to which, it was proposed that the Company would sell its all indirect interest in the issued shares of 杭州太榮資產管理有限公司 (unofficial English translation being Hangzhou Tai Rong Asset Management Co., Ltd., "**Tai Rong**") and the entire shareholder's loan owing by Tai Rong to its legal and beneficial owner and also an indirect wholly owned subsidiary of the Company, 西藏宏融資產管理有限公司 (unofficial English translation being Xizang Hongrong Asset Management Co., Ltd.), to the Proposed Purchaser (the "**Proposed Disposal**") in accordance with the terms of the MOU and the formal sale and purchase agreement (the "**Formal Agreement**"). Tai Rong is a property holding company and currently holding a property located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC. The expected aggregate consideration of the Proposed Disposal would not be less than RMB1,500,000,000. Upon signing the MOU, the Company received RMB30,000,000 as earnest money and the Proposed Purchaser was entitled 30 days and granted additional 30 days extension to carry out the due diligence review on Tai Rong. Pursuant to the MOU, the Formal Agreement should be negotiated within 15 days after completion of the due diligence review. On 28 August 2018, both parties have entered into a supplemental memorandum of understanding to extend the signing date of the Formal Agreement to a date before 7 September 2018 (or such later date as the Parties may otherwise agree).

Details of the Proposed Disposal were set out in the Company's announcements dated 15 June 2018 and 28 August 2018.

FINANCIAL REVIEW

Capital structure

As at 30 June 2018, the Group's consolidated net asset was HK$5,060 million, representing a decrease of HK$123 million as compared to that of HK$5,183 million as at 31 December 2017.

As at 30 June 2018, 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$5,056 million (31 December 2017: HK$5,180 million).

Liquidity and financial resources

As at 30 June 2018, the Group's bank balances and cash was HK$1,112 million (31 December 2017: HK$1,381 million), current assets of HK$4,999 million (31 December 2017: HK$7,827 million), current liabilities of HK$2,913 million (31 December 2017: HK$5,141 million). The current ratio was 1.72 times [Note 1] (31 December 2017: 1.52 time). As at the end of this period, the net current assets of the Group were HK$2,086 million (31 December 2017: HK$2,686 million).

As at 30 June 2018, the total debt financing of the Group was approximately HK$1,057 million (31 December 2017: HK$2,825 million), which including the current debt financing approximately HK$1,057 million (31 December 2017: HK$2,204 million), and no non-current debt financing for the reporting period (31 December 2017: HK$621 million).

The net debt [Note 2] of the Group was HK$66 million (31 December 2017: HK$1,566 million) and the total equity was HK$5,060 million (31 December 2017: HK$5,183 million). Therefore, the gearing ratio [Note 3] as at the end of the period was 0.01 (31 December 2017: 0.23).

Note 1: Current ratio = Current assets/Current liabilities

Note 2: Net debt = Borrowings + Loans from a related company – Bank balances and cash

Note 3: Gearing ratio = Net debt/(Total equity + Net debt)

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

Capital Commitments

As at 30 June 2018, the Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (31 December 2017: nil)

Charges on group assets

Details were set out in Note 24 to the Condensed Consolidated Financial Statements of this announcement.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities (31 December 2017: nil).

Foreign exchange exposure

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

The Group has implemented policies and guidelines in relation to foreign exchange risk management. Meanwhile, the subsidiaries in the United Kingdom and the Mainland China 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.

PROVISION OF GUARANTEE

On 15 December 2016, the Company had entered into the deed of guarantee (the "**Deed of Guarantee**"), pursuant to which the Company had agreed to provide a guarantee (the "**Guarantee**") in favour of the shareholders of the non-voting participating redeemable shares in the capital of Haitong Global Investment SPC III ("**Haitong Global**"), a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, which designated as Class P Participating Shares in Haitong Dynamic Multi-Tranche Investment Fund IV S.P., a segregated portfolio created by Haitong Global, for the performance of the guaranteed obligations under the Deed of Guarantee. The maximum liability of the Company under the Guarantee is USD103 million.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 86 (31 December 2017: 145) employees, of whom approximately 39.5% (31 December 2017: 53.8%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

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

DIVIDENDS

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

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

The Board does not recommend any interim dividends for the six months ended 30 June 2018 (six months ended 30 June 2017: interim dividend of 1.81 HK cents).

PROSPECTS

The global economic growth in the first half of 2018 has been clouded by various risks and uncertainties, such as rising interest rates, continuously rising debt level, geopolitical tensions and trade protectionism. In response to increasing market volatility triggering by such factors of financial instabilities, the Group has adopted a prudent approach on growing its investment portfolio through the acquisition of quality assets to ensure our financial position will not be compromised. Though in a slower pace, the Group will continue to carefully explore every acquisition opportunity across the globe and proceed our business development plan with caution to bolster corporate resilience against any possible issues and threats arising from international crisis.

During the last two years of initial phase of the investment cycle, the Group has seized valuable opportunities to acquire certain asset investments, including real estates, securities, financial instruments and distressed assets, at relatively competitive prices. As global economy has gradually recovered and asset market valuations have driven up accordingly while the Group have been managing these assets over the past years, the Group will actively identify suitable investors to realize value appreciation of these assets and maximize cash recovery in the coming harvesting phase. Proceeds from such realization are anticipated to be utilized in future possible acquisition, reducing corporate gearing and/or distribution to shareholders, wherever and whenever appropriate after evaluating viable business opportunities and considering various business and operational factors.

Although the world economy stands on the brink of significant structural upheaval influencing by disruptive forces of technological advancement, societal changes and resource constraints, selected investment themes are expected to benefit from those trends and offer superior growth over time. Adhering to the principle of developing business while effectively controlling financial risks, the Company is confident to identify and grasp investment opportunities that bringing sustainable profit growth and maximizing long-term returns for the Shareholders.

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

During the six months ended 30 June 2018, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CHANGE IN CONTROLLING SHAREHOLDER

On 19 January 2018, Songbird SG Pte. Ltd. (the "**Offeror**") as purchaser entered into a sale and purchase agreements with TAI Capital LLC, pursuant to which TAI Capital LLC agreed to sell, and the Offeror agreed to purchase, 1,228,349,064 shares of the Company, representing approximately 23.40% of the entire issued share capital of the Company at the consideration of HK$0.92 per share (i.e. HK$1,130,081,138.88 in aggregate). On the same day, the Offeror entered into another sale and purchase agreement with Chua Lee Holdings Limited, pursuant to which Chua Lee Holdings Limited agreed to sell, and the Offeror agreed to purchase, 100% of the entire issued share capital of Tai He Financial Group Limited, which in turn holds 2,655,429,222 shares of the Company, representing approximately 50.58% of the entire issued share capital of the Company at the consideration of HK$0.92 per share (i.e. HK$2,442,992,884.24 in aggregate) (collectively, the "**Sale and Purchase Agreements**"). As a result, the Offeror was interested in an aggregate of 3,883,778,286 shares of the Company, representing approximately 73.98% of the entire issued share capital of the Company.

The completion of the Sale and Purchase Agreements took place on 25 January 2018 in accordance with the terms and provisions of the Sale and Purchase Agreements. Immediately following the completion of the Sale and Purchase Agreements, the Offeror was interested in an aggregate of 3,883,778,286 shares of the Company, representing approximately 73.98% of the entire issued share capital of the Company. Haitong International Securities Company Limited ("**Haitong International Securities**"), on behalf of the Offeror, pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, made a mandatory unconditional general offer in cash (the "**Offer**") for all the issued shares of the Company other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. The Offer period was from 25 January 2018 to 19 April 2018.

As at 4:00 p.m. on 19 April 2018, being the closing date for acceptance of the Offer (the "**Closing Date**"), the Offeror has received valid acceptances in respect of a total of 603,594,815 offer shares under the Offer, representing approximately 11.50% of the entire issued share capital of the Company as at the Closing Date. Taking into account the valid acceptances in respect of 603,594,815 offer shares under the Offer as at 4:00 p.m. on the Closing Date, the Offeror and parties acting in concert with it would hold an aggregate of 4,487,373,101 shares of the Company, representing approximately 85.47% of the entire issued share capital of the Company as at the Closing Date.

On 20 April 2018, 550,138,212 shares of the Company at a placing price of HK$0.92 per share were purchased by the placees procured by Enhanced Securities Limited and Haitong International Securities (the "**Placing Agents**") under the placing agreement dated 22 January 2018 entered into among the Offeror and the Placing Agents (the "**Placing Down**") and the completion of the Placing Down took place on 25 April 2018. Immediately after the completion of the Placing Down and up to the date of this announcement, the Offeror and parties acting in concert, currently the controlling shareholder of the Company, with it hold 3,937,234,889 shares of the Company, representing approximately 74.99% of the issued shares of the Company.

Details of which were set out in the joint announcements issued by the Offeror and the Company dated 25 January 2018, 13 February 2018, 14 March 2018, 29 March 2018 and 19 April 2018 and the announcements issued by the Company dated 1 February 2018 and 25 April 2018 and the composite document issued by the Offeror and the Company dated 29 March 2018.

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 emphasizes on transparency, independence, accountability and responsibility. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Company has complied with all code provisions of the Corporate Governance Code (the "**CG Code**") throughout the six months period ended 30 June 2018 as set out in Appendix 14 to the Listing Rules, except for certain deviations disclosed herein.

Under code provision A.1.3 of the CG Code, notice of at least 14 days in advance should be given of a regular board meeting to give all directors an opportunity to attend. During the six months ended 30 June 2018, certain Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, the individual Board meeting was held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavour to meet the requirement of code provision A.1.3 of the CG Code in the future.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive of a listed issuer should be separate and should not be performed by the same individual. Currently, no chairman of the Board has been appointed for the Company. In accordance with Article 118 of the Bye-laws of the Company, the Directors may elect a chairman of the Board meetings and determine the period for which he is to hold office. If no such chairman is elected, the Directors present may choose one of their members to be chairman of the meeting. In addition, all Directors are properly briefed on issues arising at the Board meetings with sufficient and accurate information provided in a timely manner to enable the Directors to contribute valuable views and proposals for the Board's affairs. Besides, the daily operation of the Group's business is handled by Mr. Chen Weisong, the chief executive officer of the Company.

In view of that, the Board considers that the current management structure of the Group has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development. The Board will continue to review the effectiveness of the Group's management structure as business continues to develop in order to assess the necessity of appointing the chairman of the Board.

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term subject to re-election. Independent non-executive Directors are not appointed for a specific term. However, all Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company.

According to code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Dr. Gao Bin was unable to attend the 2018 annual general meeting held on 8 June 2018 due to his other business engagements.

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2018 has been reviewed by the Audit Committee of the Company and the members are of opinion that such statements comply the applicable accounting standards and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/taiunited/index.htm. The interim report of the Company for the six months ended 30 June 2018 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
Chen Weisong
Chief Executive Officer

Hong Kong, 29 August 2018

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

Executive Directors:
Mr. Chen Weisong *(Chief Executive Officer)*
Mr. Xu Ke
Mr. Ye Fei
Mr. Wang Qiang
Dr. Kwong Kai Sing Benny

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