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太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue			
Goods and services	3	**12,109**	3,896,995
Rental		**3,918**	48,914
Interest		**–**	108,912
Net investment losses		**(4)**	(45,309)
Total		**16,023**	4,009,512
Other income		**35,529**	6,017
Impairment losses reversed (recognised) under expected credit loss model, net		**11,224**	(5,760)
Other gains and losses	5	**6,501**	(76,686)
Purchases and changes in inventories		**(7,588)**	(3,897,682)
Employee benefits expenses		**(23,133)**	(39,811)
Other operating expenses		**(32,223)**	(58,214)
Changes in fair value of investment properties	11	**(7,200)**	(2,325)
Changes in fair value of investment properties classified as held-for-sale	14	**–**	58,000
Share of results of an associate		**–**	(394)
Finance costs	6	**(8,166)**	(61,116)

	Notes	Six months ended 30 June **2019** ***HK$'000*** **(unaudited)**	 2018 *HK$'000* (unaudited)
Loss before tax		**(9,033)**	(68,459)
Income tax credit (expense)	7	**4,258**	(23,799)
Loss for the period	8	**(4,775)**	(92,258)
Other comprehensive (expense) income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**(4,374)**	(16,379)
Reclassification of cumulative exchange differences to profit or loss upon disposal and deregistration of subsidiaries		**1,225**	–
Other comprehensive expense for the period		**(3,149)**	(16,379)
Total comprehensive expense for the period		**(7,924)**	(108,637)
(Loss) profit for the period attributable to:			
Owners of the Company		**(4,850)**	(92,332)
Non-controlling interests		**75**	74
		(4,775)	(92,258)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(8,017)**	(108,708)
Non-controlling interests		**93**	71
		(7,924)	(108,637)
Loss per share	10		
– Basic (HK cents)		**(0.09)**	(1.76)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019** *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**12,540**	19,833
Right-of-use assets		**2,869**	–
Investment properties	11	**848,400**	856,463
Intangible assets		**4,155**	4,155
Mining rights	12	**344,837**	344,837
Financial assets at fair value through profit or loss		**583**	584
Deferred tax assets		**621**	615
Other non-current assets		**6,000**	6,000
		1,220,005	1,232,487
Current assets			
Inventories		**3,234**	1,333
Financial assets at fair value through profit or loss		**11,248**	10,247
Accounts receivable	13	**6,192**	6,964
Other receivables, deposits and prepayments		**6,329**	13,158
Structured deposits		**–**	200,143
Bank balances and cash		**287,921**	1,167,972
		314,924	1,399,817
Assets classified as held-for-sale	14	**1,723,353**	1,740,466
		2,038,277	3,140,283

	Notes	**30 June 2019**	31 December 2018
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Current liabilities			
Accounts payables	15	**640**	737
Accrued liabilities and other payables		**185,993**	227,760
Borrowings	16	**426,197**	426,626
Lease liabilities		**2,676**	–
Loan from Tai An Capital (as defined in Note 4)		**109,825**	123,585
Tax payables		**41,252**	49,714
		766,583	828,422
Liabilities associated with assets classified as held-for-sale	14	**110,643**	105,593
		877,226	934,015
Net current assets		**1,161,051**	2,206,268
Total assets less current liabilities		**2,381,056**	3,438,755
Non-current liabilities			
Lease liabilities		**229**	–
Deferred tax liabilities		**65,733**	65,733
		65,962	65,733
Net assets		**2,315,094**	3,373,022
Capital and reserves			
Share capital	17	**262,501**	262,501
Reserves		**2,049,428**	3,107,449
Equity attributable to owners of the Company		**2,311,929**	3,369,950
Non-controlling interests		**3,165**	3,072
Total equity		**2,315,094**	3,373,022

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

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 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

Impacts and changes in accounting policies of application on HKFRS 16 *Leases*

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

2.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and carparks that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment properties as a separate line item on the condensed consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* (“**HKFRS 9**”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. The amounts of such adjustments are considered insignificant.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees. Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The amount of such adjustments are considered insignificant.

2.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

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

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

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

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

On transition, the Group has made the following adjustments upon application of HKFRS 16:

At 1 January 2019, the Group recognised lease liabilities of HK$19,014,000 and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

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

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

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

As a lessor

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

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

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

Note: For the purpose of reporting cash flows for the six months ended 30 June 2019, movements have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3. **REVENUE**

Disaggregation of revenue for contracts with customers:

Segments	**For the six months ended 30 June 2019** **Commodity and medical equipment trading** ***HK$'000*** **(unaudited)**	For the six months ended 30 June 2018 Financial services and asset management *HK$'000* (unaudited)	Commodity and medical equipment trading *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Types of goods and services				
Sales of commodity products				
Petrochemical products	**–**	–	3,593,952	3,593,952
Metal-related products	**–**	–	282,913	282,913
Sales of medical equipment	**12,109**	–	17,119	17,119
Service fees, commission and brokerage income	**–**	3,011	–	3,011
Total	**12,109**	3,011	3,893,984	3,896,995
Geographical markets				
Singapore	**–**	–	3,876,865	3,876,865
The People's Republic of China (the "**PRC**")	**12,109**	–	17,119	17,119
Hong Kong	**–**	3,011	–	3,011
Total	**12,109**	3,011	3,893,984	3,896,995
Timing of revenue recognition				
At a point in time	**12,109**	–	3,893,984	3,893,984
Over time	**–**	3,011	–	3,011
Total	**12,109**	3,011	3,893,984	3,896,995

4. **SEGMENT INFORMATION**

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

As previously reported as at the year ended 31 December 2018, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. During the six months ended 30 June 2018, the Group's reportable segments included "Financial services", "Securities investment", "Distressed debt asset management", "Commodity trading" and "Others" segments. In accordance with the way in which information is now reported internally to the CODM for purpose of resource allocation and performance assessment and the recent downsizing of certain reportable segments, the financial results of the Group's financial services segment, securities investment segment and distressed debt asset management segment are now reported within the "Financial services and asset management" segment while commodity trading segment and others segment are now reported within "Commodity and medical equipment trading" segment, respectively. Segment revenue and segment net investment losses are separately disclosed under "Financial services and asset management" segment in current period. Prior period segment disclosures have been represented to conform with the current period's representation.

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

(i) Financial services and asset management segment – by aggregating different operating segments including fund investment, provision of securities and margin financing, trading and brokerage of futures contracts, asset management, money lending business and insurance brokerage service to customers in Hong Kong; trading equity securities and derivatives in the PRC, Hong Kong and Singapore; and managing of assets arising from acquisition of distressed debts assets in the PRC;

(ii) Commodity and medical equipment trading segment – by aggregating different operating segments including trading of petrochemical products and metal-related products in Singapore; and trading of medical equipment in the PRC;

(iii) Property investment segment – by aggregating different operating segments including property investment and leasing of properties in the PRC, Hong Kong and the United Kingdom (the "**UK**"); and

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

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

Six months ended 30 June 2019 (unaudited)

	Financial services and asset management *HK$'000*	Commodity and medical equipment trading *HK$'000*	Property investment *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Total *HK$'000*
Segment revenue	–	12,109	3,918	–	16,027
Segment net investment losses	(4)	–	–	–	(4)
Total	(4)	12,109	3,918	–	16,023
Segment results	17,518	(2,258)	(10,041)	(1,311)	3,908
Net foreign exchange gains					1,462
Net gains on disposal and deregistration of subsidiaries					4,380
Changes in fair value of structured deposits					1,556
Unallocated finance costs					(374)
Central administration costs					(19,965)
Loss before tax					(9,033)

Six months ended 30 June 2018 (unaudited) (restated)

	Financial services and asset management *HK$'000*	Commodity and medical equipment trading *HK$'000*	Property investment *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Total *HK$'000*
Segment revenue	111,923	3,893,984	48,914	–	4,054,821
Segment net investment losses	(45,309)	–	–	–	(45,309)
Total	66,614	3,893,984	48,914	–	4,009,512
Segment results	(2,399)	(21,291)	72,798	(2,450)	46,658
Share of results of an associate					(394)
Net foreign exchange losses					(31,831)
Net losses on disposal of subsidiaries and an associate					(8,900)
Changes in fair value of financial assets at FVTPL					626
Changes in fair value of structured deposits					1,951
Unallocated finance costs					(31,821)
Central administration costs					(44,748)
Loss before tax					(68,459)

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

	30 June 2019 ***HK$'000*** **(unaudited)**	31 December 2018 *HK$'000* (audited)
Segment assets		
Financial services and asset management	**254,247**	1,149,694
Commodity and medical equipment trading	**14,541**	25,672
Property investment	**2,594,663**	2,618,734
Mining and exploitation of natural resources	**346,205**	346,718
Total segment assets	**3,209,656**	4,140,818
Structured deposits	**–**	200,143
Right-of-use assets	**2,869**	–
Intangible assets	**4,155**	4,155
Unallocated financial assets at FVTPL	**583**	584
Unallocated property, plant and equipment	**10,442**	15,610
Other unallocated corporate assets	**30,577**	11,460
Consolidated assets	**3,258,282**	4,372,770

	30 June 2019 HK$'000 (unaudited)	31 December 2018 HK$'000 (audited)
Segment liabilities		
Financial services and asset management	**1,589**	46,235
Commodity and medical equipment trading	**3,193**	5,364
Property investment	**757,408**	751,927
Mining and exploitation of natural resources	**66,255**	66,255
Total segment liabilities	**828,445**	869,781
Loan from Tai An Capital (Shenzhen)Co. Ltd.* 太安資本(深圳)有限公司("**Tai An Capital**")	**109,825**	123,585
Other unallocated corporate liabilities	**4,918**	6,382
Consolidated liabilities	**943,188**	999,748

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

5. OTHER GAINS AND LOSSES

	Six months ended 30 June 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Changes in fair value of structured deposits	**1,556**	1,951
Net foreign exchange gains (losses)	**1,462**	(31,831)
Net gains (losses) on disposal and deregistration of subsidiaries and an associate	**4,380**	(8,900)
Loss on disposal of property, plant and equipment	**(897)**	(85)
Profits attributable to the third parties' interests in consolidated structured entities	**–**	(38,509)
Changes in fair value of financial assets at FVTPL	**–**	626
Changes in fair value of financial derivative contracts	**–**	62
	6,501	(76,686)

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on		
– secured bank borrowings	**7,792**	13,422
– other borrowings	**–**	21,717
– margin financing loans	**–**	16,310
– loan from a related company	**–**	4,941
Others	**374**	4,726
	8,166	61,116

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
PRC Enterprise Income tax ("**EIT**")	**5**	13,597
Hong Kong Profits Tax	**–**	9,636
Overprovision in prior year:		
PRC EIT	**(8,460)**	–
Deferred tax	**4,197**	566
	(4,258)	23,799

8. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**7,588**	3,897,682
Depreciation of property, plant and equipment	**4,348**	5,214
Depreciation of right-of-use assets	**5,043**	–
Operating lease rental in respect of office premises	**–**	13,468
Expenses relating to short-term leases	**2,461**	–
Gross rental income from investment properties	**(3,918)**	(48,914)
Less: direct operating expenses arising from investment properties that generated rental income	**180**	6,540
	(3,738)	(42,374)

9. DIVIDEND

During the current interim period, a second special dividend of HK20 cents per ordinary share in respect of the year ended 31 December 2018 was declared and paid to the owners of the Company. The aggregate amount of the second special dividend declared and paid in the interim period amounted to approximately HK$1,050,004,000 (six months ended 30 June 2018: Nil).

The Directors have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(4,850)**	(92,332)

	Six months ended 30 June	
	2019	2018
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic loss per share	**5,250,020**	5,250,020

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

11. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2018	2,761,828
Changes in fair value recognised in profit or loss	(124,942)
Reclassified as held-for-sale *(Note 14)*	(1,660,976)
Disposals	(44,199)
Exchange realignment	(75,248)
At 31 December 2018 (audited)	856,463
Changes in fair value recognised in profit or loss	(7,200)
Exchange realignment	(863)
At 30 June 2019 (unaudited)	848,400

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

12. MINING RIGHTS

The mining rights represent four of the rights to conduct mining activities in the location of Ulaan Uul, Nogoonnuur Soum of Bayan-Ulgii Aimag ("**Ulaan Uul**"), Tsunkheg, Nogoonnuur Soum of Bayan-Ulgii Aimag ("**Tsunkheg**") and Khovd Gol, Tsengel Soum of Bayan-Ulgii Aimag ("**Khovd Gol**") in Mongolia. The mining right in Tsunkheg and the two mining rights in Ulaan Uul have remaining legal lives of 12 to 17 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Khovd Gol has a remaining legal life of 17 years, expiring in July 2036. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia 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 2019.

The Group is in the process of identifying independent third parties for continuing potential cooperative arrangements as to carry out exploitation of the four mining rights in Ulaan Uul, Tsunkheg and Khovd Gol.

During the years ended 31 December 2018 and 2017, the Group engaged an independent qualified mineral technical adviser to prepare an updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and the first phase of exploitation work regarding the recoverable reserves, resources and exploration potential for the mining rights in Ulaan Uul, Tsunkheg and Khovd Gol have been completed. Based on the updated resource estimation technical report issued by the qualified mineral technical adviser based on their first phase of exploitation work conducted, the Group engaged a PRC professional firm to update the feasibility study report and also engaged Jones Lang LaSalle Corporation Appraisal and Advisory Limited ("**JLL**"), independent qualified professional valuer, to perform the valuation of mining rights at 31 December 2018 based on the updated resource estimation technical report and the latest feasibility study report. With reference to the valuation of mining rights performed by JLL, impairment losses of the mining rights amounting to approximately HK$109,704,000 for the year ended 31 December 2018 had been recognised for the cash-generating unit that holds mining rights (the "**Mining CGU**") in the consolidated statement of profit or loss and other comprehensive income as the recoverable amount of the Mining CGU was lower than its carrying amount.

During the six months ended 30 June 2019, the Group started the second phase of exploitation work regarding the recoverable reserves, resources and exploration potential for the mining rights in Khovd Gol and Tsunkheg. In the opinion of the Directors, the second phase of exploitation work will be completed in 2020 and the recoverable reserves, resources and exploration potential for the mining rights in Khovd Gol and Tsunkheg may differ from previous estimates and causing potential adjustments to the recoverable amount of the Mining CGU upon completion of the second phase of exploitation work.

Considering the above facts and based on the impairment assessment of the four mining rights in Ulaan Uul, Tsunkheg and Khovd Gol performed by the Directors with reference to the valuation report issued and valuation techniques adopted by JLL as of the year ended 31 December 2018. The Directors were of the view that no impairment loss for the six months ended 30 June 2019 (six months ended 30 June 2018: 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 amount of the Mining CGU was higher than its carrying amount based on the available resource estimation technical reports, the latest feasibility study report and recent tungsten price.

13. ACCOUNTS RECEIVABLE

	30 June 2019 *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Accounts receivable arising from the sales of medical equipment	**6,402**	7,147
Less: Allowance for credit losses	**(210)**	(183)
	6,192	6,964

The Group allows a credit period of 30 to 120 days (31 December 2018: 30 to 120 days) to its customers in relation to sales of medical equipment depending on the type of products sold.

The following is an aged analysis of accounts receivable presented at the end of the reporting period (net of allowance for credit losses), based on the invoice dates in relation to sale of medical equipment which approximated the respective revenue recognition dates:

	30 June 2019 *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Within 30 days	**1,117**	2,407
31 – 90 days	**773**	1,497
91 – 120 days	**–**	34
Over 120 days	**4,302**	3,026
	6,192	6,964

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

On 31 August 2018, the Group had entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with an independent third party (the "**Purchaser**") to dispose of its entire equity interest of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co., Ltd* ("**Hangzhou Tai Rong**") at a cash consideration of RMB1,550,000,000 (equivalent to approximately HK$1,777,695,000) and the principal asset of Hangzhou Tai Rong is the hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC (the "**Hotel Facility**"). The Directors expected that the disposal will be completed during the year ending 31 December 2019.

Accordingly, the below assets and liabilities of Hangzhou Tai Rong constitute as a disposal group of the Group which are expected to be disposed within twelve months and were classified as held-for-sale and presented separately in the condensed consolidated statement of financial position. The Group received disposal deposits amounting to RMB155,000,000 (equivalent to approximately HK$176,483,000), equivalent to 10% of the total cash consideration.

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

During the six months ended 30 June 2019, pursuant to the Sale and Purchase Agreement, the Group further negotiated with the Purchaser to amend certain terms of the Sale and Purchase Agreement (the "Amendments"), the Amendments provide for early release of the amount in the control/escrow account, permit for early transfer of the Hangzhou Tai Rong and the Hotel Facility, allow greater flexibility to the Purchaser for settlement of the consideration and the interest and security arrangement seek to protect the interest of the Group, incentivize the Purchaser to settle the remaining consideration as soon as possible and rental receivable arrangement. In August 2019, the Group entered into a supplemental agreement to the Sale and Purchase Agreement (the "Supplemental Agreement") with the Purchaser and pursuant to which the parties have mutually agreed on the Amendments and the Group ceased to recognise any rental income generated from the Hotel Facility since 1 January 2019.

The details of the Supplemental Agreement are set out in Note 18.

The major classes of assets and liabilities classified as held-for-sale as at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Investment properties	**1,592,640**	1,594,040
Accounts receivable arising from property rental income	**–**	68,558
Loan receivables	**60,803**	–
Other receivables, deposits and prepayments	**58,938**	58,006
Structured deposits	**–**	19,812
Bank balances and cash	**10,972**	50
Total assets classified as held-for-sale	**1,723,353**	1,740,466
Accrued liabilities and other payables	**11,715**	9,441
Tax payables	**–**	1,342
Deferred tax liabilities	**98,928**	94,810
Total liabilities classified as held-for-sale	**110,643**	105,593

15. ACCOUNTS PAYABLE

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts payable arising from the purchase of medical equipment	**640**	737

The credit periods of accounts payable arising from the purchase of medical equipment is 30 days. The following is an aged analysis of accounts payable arising from the purchase of medical equipment based on the invoices dates at the end of the reporting period:

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 30 days	**–**	640
31–90 days	**–**	97
Over 90 days	**640**	–
	640	737

16. BORROWINGS

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Secured variable-rate bank borrowings	**426,197**	426,626

At 30 June 2019, the variable-rate bank borrowings of approximately HK$426,197,000 (31 December 2018: HK$426,626,000) carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.75% (31 December 2018: 2.75%) per annum, which the effective interest rate is 3.56% (31 December 2018: 3.52%) per annum. The bank borrowings were secured by the investment properties amounted to approximately HK$848,400,000 (31 December 2018: HK$856,463,000), insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group.

17. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2018, 31 December 2018 and 30 June 2019	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2018, 31 December 2018 (audited) and 30 June 2019 (unaudited)	5,250,019,852	262,501

18. EVENT AFTER REPORTING PERIOD

On 25 August 2019, the Group, the Purchaser, the guarantor and Hangzhou Tai Rong entered into the Supplemental Agreement, pursuant to which the parties have mutually agreed on the Amendments. The principal terms of the Amendments are as follows i) the consideration settlement arrangements for the first payment, second payment, remaining consideration and interest on the remaining consideration; ii) complete the procedures in relation to the registration of the transfer of Hangzhou Tai Rong with the local administration for industry and commerce bureau; iii) enter into a share pledge agreement pursuant to which the sale shares shall be pledged by the Purchaser to the Group to secure the payment of the remaining consideration; and iv) Hangzhou Tai Rong not to distribute or otherwise dispose of the rental receivable of the Hotel Facility for the period from 1 January 2019.

Details are set out in the Company's announcement dated 25 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

Revenue of the Group for the six months ended 30 June 2019 was approximately HK$16 million, down by 99.6% compared to approximately HK$4,009.5 million for the same period of last year, as the management has adopted a more prudent approach in identifying investment opportunities in light of the prevailing economic instability.

Thanks to the adoption of effective investment approach under trade friction and successful implementation of cost reduction program which significantly reducing various costs including employee benefits expenses, other operating expenses and finance costs, the Group has recorded a substantial decrease in loss from approximately HK$92.3 million for the first half of 2018 to approximately HK$4.8 million for the period under review.

BUSINESS REVIEW

To better reflect the latest business strategy and operations of the Group, the business segments have been regrouped to (i) financial services and asset management; (ii) commodity and medical equipment trading; (iii) property investment; and (iv) mining and exploitation of natural resources since the Company's annual report for the year ended 31 December 2018 ("**2018 Annual Report**").

(1) Financial Services and Asset Management

Financial Services

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

Since such loan note was fully redeemed in 2018, no effective interest income was recorded as revenue during the six months ended 30 June 2019. The respective income for the six months ended 30 June 2018 was approximately HK$108.9 million. Nevertheless, the Group recorded approximately HK$23.5 million profit in this business, which was attributed to a final redemption proceeds receiving from the Fund for the period under review whereas approximately $67.9 million profit was recorded for the last year's corresponding period.

Distress Debt Assets Management

The Group held no distressed debt assets measured at fair value at the end of the period under review, as compared to approximately HK$10.2 million at the end of last year. Such decrease was attributed to the disposal of all the remaining distressed debt assets during this period. It was the result of the continuous execution of the investment strategy adopted in last year amid trade dispute between United States ("**US**") and the People's Republic of China ("**PRC**" or "**China**"), with an aim to maximising the returns to the shareholders of the Company ("**Shareholders**") and carrying out better risk management, by reshuffling the investment portfolios of and realised capital gain from its various investments or mitigating risks attached to certain specific type of asset.

Attributable to management's more cautious attitude in identifying investment opportunities in light of the prevailing economic instability, the Group has not acquired any distressed debt asset during the period under review. Distressed debt asset supply in the first half of 2019 has increased significantly as the slowdown of economic growth has continued under the influence of macro-factors including industrial structure transformation and implementation of "reducing production capacity and reducing leverage" policies in China. However, rising economic uncertainty and ongoing trade and tariff negotiations, including Brexit and US-China trade friction, have served to shroud this robust market and make it harder to deliver shareholder value. Our professional team has actively searched for potential distressed debt assets through various channel, but management was forced to exercise heightened scrutiny on the cost and quality of these assets, to avoid acquiring assets which are widely exposed to various risks arising from slowing economic growth.

Another reason for the slowdown of the Group's acquisition pace was the increasing competition from new set of investors who tapping the distressed asset market in China. The interest of global investors have accelerated in the period under review, because local banks and asset management companies in China are under pressure to offload their non-performing loan inventory faster and at a deeper discount amid less stable economy. Furthermore, opening-up of the banking and finance sector is expected to attract more local, international investors as well as the new entrance of internet transaction platforms like Alibaba into the distressed asset market. All these giant investors have together created an enormous purchasing power that making the asset price less attractive to other existing small to medium investors. Avoiding direct competition with these sizable corporations and funds, the Group has found accurate market positioning according to its own resources and capabilities, figuring a specific subdivision distressed asset market, focusing on its core ability, to form a unique competitive advantage.

For the period under review, the Group recorded no net investment gain or loss in its distressed debt asset management business, comparing to approximately HK$49.6 million net investment gain for the same period of last year, which was attributed to the selling price of the assets disposed equal to its costs. Accordingly, the business results for this period was a loss of approximately HK$5.3 million, representing the staff and other operation costs of the business's professional team, comparing to a gain of approximately HK$40.6 million for the same period of last year.

Securities Investment

In the first half of 2019, the Group scaled down the size of the investment portfolio in this business due to the low investor sentiments and the volatile financial and investment markets caused by US-China trade war. As at 30 June 2019, the carrying value of the investments portfolio (recorded as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position) was approximately HK$11.2 million, versus of approximately HK$2,140.5 million was recorded under held-for-trading investments as at 30 June 2018. For the period under review, a substantial portion of this portfolio is securities investments, which are listed equity securities in Hong Kong and none of them are with a carrying value of 5% or more of the total assets of the Group.

During the six months ended 30 June 2019, the Group recorded 100% decrease in the fair value loss arising from the change in fair value of financial assets held-for-trading of approximately HK$94.9 million for the corresponding period in last year to approximately HK$4,000. As a result, this business recorded approximately HK$0.7 million loss, representing a decrease of 99.3% as compared to approximately HK$110.9 million for the corresponding period in last year.

(2) Commodity and Medical Equipment Trading

Commodity Trading

The US-China trade dispute has raised concerns about a potential drop in energy and industrial metal demand. The Organisation for Economic Co-operation and Development ("**OECD**") reminded that tariffs, imposed by the US and China in 2018, have already weakened the global momentum and growth was set to remain subpar as trade tensions persist. As a result, global growth was projected by OECD to slow to only 3.2% this year, well below the growth rates seen over the past three decades, or even in 2017–2018. Middle east tension continues to fuel the already heightened volatility of oil market, in light of the rapid pace of escalation in US-Iran conflict. Furthermore, it is unsure how quickly the Organization of the Petroleum Exporting Countries ("**OPEC**") and its allies would fill any impending oil production gaps, opening the door to large price swings in either direction. Considerable uncertainties in oil and other commodities market therefore arising from such slowing global economic growth, toughened US stance on Iran sanctions, as well as the attitude of the OPEC alliance towards oil production.

Against this backdrop, extreme volatility in oil market has been expected by the World Bank, where crude oil has experienced an almost 30% increase in price since the start of 2019, but still has not fully recovered from the 40% drop in the fourth quarter of 2018. Such heightened volatility in oil price has made analysts and market participants virtually impossible to confidently forecast the price of oil. In order to reduce the investing risk to which the Group exposed, the management decided not to have trading activities in the oil and other commodities market in the first half of 2019, until certain factors of instability have been moderated. For the six months ended 30 June 2018, the revenue of commodity trading business was approximately HK$3,876.9 million. The Company will closely monitor the commodities market and adjust our investment strategy according to the risk assessment in light of the global political and economic development.

Medical Equipment Trading

The Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment and consumable goods, the Group operates in a highly competitive market.

During the period under reviewed, the revenue decreased by 29.3% to approximately HK$12.1 million, as compared to approximately HK$17.1 million of the corresponding period in last year. Fortunately, this business maintained a steady profit of approximately HK$0.3 million, which was the same level as the last year's corresponding period.

(3) Property Investment

The Group operates the property investment business in Hangzhou, the PRC and London, the United Kingdom.

The Group has been pursuing to maintain high quality property management services of its investment properties and will continue to enhance the quality of the property management services in order to increase rental income and saleable value of its investment properties. In addition, the Group is actively looking for property investment and development opportunities to strengthen the revenue stream of this segment.

The revenue generated from this segment for the six months ended 30 June 2019 was approximately HK$3.9 million, representing a substantial decrease of 92% as compared to approximately HK$48.9 million over the same period of previous year. Such decrease was mainly attributable to the absence of the rental income contribution from the Hangzhou Property amounting to approximately HK$45.8 million since 1 January 2019.

Furthermore, a loss of approximately HK$7.2 million arising from the changes in fair value of investment property was recognised in the reviewed period, which led to an overall loss of approximately HK$10 million versus a profit of approximately HK$72.8 million for the corresponding period in last year in this segment.

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

Details of the disposal of Hangzhou Tai Rong are set out in the paragraph headed "Material Disposal" and notes 14 and 18 to the condensed consolidated financial statements of this announcement.

(4) Mining and Exploitation of Natural Resources

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

With reference to the Mining Rights information disclosed in business review and notes to the consolidated financial statements in 2018 Annual Report, these tungsten projects are still in the phase of the exploration works. The management has engaged qualified experts for carrying out further exploration works, which will produce an updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC Code**"), riding on the last resource estimation technical report dated in February 2019. The management expects sufficient and reliable details can be obtained via these exploration works, so that the estimations of the volume of exploration potential and the tungsten grades of the Mining Rights are more accurate and JORC Code compliant. As a result, these estimations can facilitate the management to consider the feasible operation plan on the Mining Rights. It is the aim of the Group that actual mining operations and productions will only be carried out until the revenue/cost margins of the projects have been proved to be robust and commercially attractive.

Meanwhile, the Group actively searches for potential investors and/or strategic mining partnerships with trustworthy explorer worldwide, in order to minimise any possible exploration risks.

* *The English name is for identification purpose only*

Material Disposal

Disposal of Hangzhou Tai Rong

On 15 June 2018, the Company entered into a memorandum of understanding ("**MOU**") with an independent third party ("**Proposed Purchaser**"), pursuant to which, it was proposed that the Company would sell its all indirect interest in the issued shares of Hangzhou Tai Rong and the entire shareholder's loan owing by Hangzhou Tai Rong to its owner, which also an indirect wholly owned subsidiary of the Company, Xizang Hongrong Asset Management Co., Ltd.* ("**Xizang Hongrong**"), to the Proposed Purchaser. Hangzhou Tai Rong is a property holding company and holding the Hangzhou Property under the MOU. SPA was signed between Xizang Hongrong, Hongrong Investment Holdings (Shenzhen) Co., Ltd.*, Hangzhou Tai Rong and another third party purchaser, which is a nominee of the Purposed Purchaser ("**Hangzhou Property Purchaser**") on 31 August 2018 at the Consideration for such disposal ("**Tai Rong Disposal**"). Given that the Tai Rong Disposal constituted a major transaction under Chapter 14 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), it would be subjected to the reporting, announcement and shareholders' approval requirements. On the same date of signing the SPA, the Company's substantial shareholders had given their written consents on approving the Tai Rong Disposal, no special general meeting of the Company was convened.

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

As at the date of this announcement, the completion of the Tai Rong Disposal has not yet taken place.

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

FINANCIAL REVIEW

Capital structure

As at 30 June 2019, the Group's consolidated net asset was approximately HK$2,315.1 million, representing a decrease of approximately HK$1,057.9 million as compared to that of approximately HK$3,373 million as at 31 December 2018.

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There is no shares movement since the last year ended. As at 30 June 2019, the Company has 5,250,019,852 shares of HK$0.05 each in issue and the total equity attributable to owners of the Company was approximately HK$2,311.9 million (as at 31 December 2018: approximately HK$3,370 million).

Liquidity and financial resources

As at 30 June 2019, the Group's bank balances and cash was approximately HK$287.9 million (as at 31 December 2018: approximately HK$1,168 million), current assets of approximately HK$2,038.3 million (as at 31 December 2018: approximately HK$3,140.3 million), current liabilities of approximately HK$877.2 million (as at 31 December 2018: approximately HK$934 million). The current ratio was 2.32 times *(Note 1)* (as at 31 December 2018: 3.36 times). As at the end of this period, the net current assets of the Group were approximately HK$1,161.1 million (as at 31 December 2018: approximately HK$2,206.3 million).

As at 30 June 2019, the total debt financing of the Group was approximately HK$426.2 million (as at 31 December 2018: approximately HK$426.6 million), which all was the current debt financing (as at 31 December 2018: approximately HK$426.6 million), and no non-current debt financing for the reporting period (as at 31 December 2018: nil).

The net debt *(Note 2)* of the Group was approximately HK$248.1 million (as at 31 December 2018: negative net debt of approximately HK$617.8 million) and the total equity was approximately HK$2,315.1 million (as at 31 December 2018: approximately HK$3,373 million). Therefore, the gearing ratio *(Note 3)* as at the end of the period was 0.18 (as at 31 December 2018: 0.13).

Note 1: Current ratio = Current assets/Current liabilities

Note 2: Net debt = Borrowings + Loans from Tai An Capital – Bank Balances and cash

Note 3: Gearing ratio = Total interest-bearing borrowing/Total equity

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

Capital Commitments

As at 30 June 2019, the Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2018: nil).

Charges on group assets

As at 30 June 2019, the Group's bank borrowings of approximately HK$426.2 million were secured by an investment property (as at 31 December 2018: approximately HK$426.6 million).

Details of which are set out in note 16 to the condensed consolidated financial statements of this announcement.

Contingent liabilities

As at 30 June 2019, the Group had no material contingent liabilities (as at 31 December 2018: nil).

Foreign exchange exposure

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had 46 (as at 31 December 2018: 69) employees, of whom approximately 60.9% (as at 31 December 2018: 44.9%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

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

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: nil).

On 10 June 2019, a second special dividend in respect of the financial year ended 31 December 2018 of 20 HK cents per share of the Company ("**Second Special Dividend**"), totalling approximately HK$1,050 million in cash was paid.

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

PROSPECTS

Uncertainty and volatility in all investment markets, which arising from trade disputes beginning last year, were escalated in the first half of 2019. Market participants tend to hold the view that the US and China have entered into a strategic competition which could be structural and persistent. These trade and geopolitical frictions are served as the principal driver of the global economy and this inevitably leads the international investors to downgrade the growth outlook for various investment markets. To effectively cope with such headwinds, the Group started to take a more defensive investing stance since the year of 2018.

During the period covering the year of 2018 and the first half of 2019, the Group has essentially completed part of its strategic plan on disposing high risk assets to mitigate future loss, and those assets acquired at early stage to realize profit, in order to lower the risk arising from volatile market. At the same time, our professional teams across various markets have consistently adopted the prudent approach as to cautiously acquire value assets, including but not limit to solid interest stock, potential value stock and growth assets such as property investment with stable rental income. Those assets could become a good long term performer by holding mid to long term, and overall investing risk could be dialed down through holding such assets as portfolio stabilizers.

The frequency of trading transaction in certain extreme volatile market, such as oil and securities, has been decreased to an acceptable low level to cope with the increasing tensions in global trading disputes, with a view to load up corporate resilience against risk in foreseeable future. The current period financial results and position, which was an significant improvement over those of last year, provided a proven track record for the successful implementation of the Group's strategy.

Looking into the future, the Group maintain a positive view on future global economic development as conflicts may eventually resolved by diplomatic means. During this period of decelerating economic growth, the Group will continue to consolidate resources and streamline our operations, and by maintaining a healthy gearing ratio and solid financial position to facilitate ourselves for potential market rebound.

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

During the six months ended 30 June 2019, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. During the six months period ended 30 June 2019, the Company has complied with all code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Listing Rules, except for certain deviations disclosed herein.

During the reporting period, Mr. Chen Weisong was the chief executive officer and the chairman of the Company ("**Chairman**") remained vacant. The Company deviated from code provisions A.2.1 and A.2.7 of the CG Code during the six months period ended 30 June 2019. The Company is in the process of identifying a suitable candidate to be appointed as the new Chairman and will keep the Shareholders informed of such appointment by announcement in due course.

Under code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the six months period ended 30 June 2019, 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, such Board meetings were held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavour to meet the requirement of code provision A.1.3 of the CG Code in the future.

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

According to code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Dr. Gao Bin, the independent non-executive Director, was unable to attend the special general meeting and 2019 annual general meeting held on 10 May 2019 and 13 June 2019 respectively, due to his other business engagement. Ms. Liu Yan, the independent non-executive Director, was unable to attend the 2019 annual general meeting held on 13 June 2019 due to her other business engagement.

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 has been reviewed by the auditor of the Company, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 has also been reviewed by the Audit Committee of the Company.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This interim 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 2019 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Tai United Holdings Limited
Chen Weisong
Chief Executive Officer

Hong Kong, 29 August 2019

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

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

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