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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 2022

The board of directors ("**Board**" or "**Directors**") of Tai United Holdings Limited ("**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, "**Group**") for the six months ended 30 June 2022 ("**Reporting Period**") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3		
Contracts with customers		**74,090**	14,290
Leases		**20,675**	4,080
Net investment gains	5	**98**	936
Total		**94,863**	19,306
Other income		**5,155**	22,258
Other gains and losses	6	**782**	3,334
Impairment losses (recognised)/reversed under expected credit loss model, net		**(3,182)**	24,981
Change in fair value of investment properties	12	**(222,873)**	–
Impairment losses on mining rights	13	**–**	(42,588)
Purchases and changes in inventories		**(57,441)**	(5,401)
Employee benefits expenses		**(19,051)**	(17,672)
Other operating expenses		**(28,692)**	(28,123)
Finance costs	7	**(91,485)**	(22,980)

	Notes	Six months ended 30 June 2022 HK$'000 (unaudited)	2021 HK$'000 (unaudited)
Loss before tax		**(321,924)**	(46,885)
Income tax credit/(expenses)	8	**49,455**	(9,301)
Loss for the period	9	**(272,469)**	(56,186)
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(83,251)**	22,056
Other comprehensive (expense)/income for the period		**(83,251)**	22,056
Total comprehensive expense for the period		**(355,720)**	(34,130)
Loss for the period attributable to:			
Owners of the Company		**(271,302)**	(56,105)
Non-controlling interests		**(1,167)**	(81)
		(272,469)	(56,186)
Total comprehensive (expense)/income for the period attributable to:			
Owners of the Company		**(355,326)**	(34,179)
Non-controlling interests		**(394)**	49
		(355,720)	(34,130)
Loss per share	11		
– Basic *(HK cents)*		**(5.17)**	(1.07)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**30 June 2022** *HK$'000* **(unaudited)**	31 December 2021 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**5,618**	1,402
Investment properties	12	**3,719,343**	4,160,477
Intangible assets		**96,445**	97,808
Mining rights	13	**18,716**	18,716
Financial assets at fair value through profit or loss		**600**	627
Right-of-use assets		**6,626**	4,152
Other non-current deposits		**1,502**	1,502
Other non-current assets		**6,000**	6,000
		3,854,850	4,290,684
Current assets			
Inventories		**8,620**	4,096
Financial assets at fair value through profit or loss		**556**	8,471
Accounts receivable	14	**35,069**	25,620
Other receivables, deposits and prepayments		**39,666**	98,558
Bank balances and cash		**263,183**	255,354
		347,094	392,099
Current liabilities			
Accounts payable	17	**13,395**	27,135
Accrued liabilities and other payables		**398,143**	342,575
Borrowings	15	**1,818,057**	1,910,778
Lease liabilities		**3,884**	2,859
Tax payables		**106,018**	109,052
		2,339,497	2,392,399
Net current liabilities		**(1,992,403)**	(2,000,300)
Total assets less current liabilities		**1,862,447**	2,290,384

	Notes	**30 June 2022**	31 December 2021
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current liabilities			
Deferred tax liabilities		**501,654**	575,664
Lease liabilities		**3,323**	1,530
		504,977	577,194
Net assets		**1,357,470**	1,713,190
Capital and reserves			
Share capital	16	**262,501**	262,501
Reserves		**1,093,189**	1,448,515
Equity attributable to owners of the Company		**1,355,690**	1,711,016
Non-controlling interests		**1,780**	2,174
Total equity		**1,357,470**	1,713,190

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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.

Going concern assessment

In preparing the condensed consolidated financial statements, the Directors have given consideration to the future liquidity of the Group in light of the Group incurred a net loss of approximately HK$272,469,000 for the six months ended 30 June 2022 and, as of that date, the Group had net current liabilities of approximately HK$1,992,403,000 at 30 June 2022.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The condensed consolidated financial statements have been prepared on a going concern basis as the Directors are satisfied that the liquidity of the Group can be maintained in the coming year taking into consideration of the following matters:

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

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

Taking into account of the internally available funds, non- current assets held by the Group, the undertaking obtained from Mr. Dai and the potential fund raising activities, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for future liabilities which might arise and to reclassify non-current assets and non-current liabilities to current respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements. The preparation of condensed consolidated financial statements in conformity with Hong Kong Financial Reporting Standards ("**HKFRSs**") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 additional accounting policies resulting from application of amendments to HKFRSs, and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

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

The amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Disaggregation of revenue for contracts with customers

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Types of goods and services		
– Sales of medical equipment	**4,620**	7,952
– Sales of flooring materials	**56,414**	–
– Revenue from properties management and related services	**13,056**	6,338
	74,090	14,290
Geographical markets		
– People's Republic of China (the "**PRC**")	**17,152**	14,290
– Singapore	**30,322**	–
– United States of America ("**USA**")	**17,562**	–
– Hong Kong	**8,530**	–
– United Kingdom (the "**UK**")	**524**	–
	74,090	14,290
Timing of revenue recognition		
– Over time	**13,056**	6,338
– At a point in time	**61,034**	7,952
	74,090	14,290

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Segment revenue Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers		
– Medical equipment trading	**4,620**	7,952
– Flooring materials trading	**56,414**	–
– Properties investment	**13,056**	6,338
	74,090	14,290
Leases	**20,675**	4,080
Total revenue	**94,765**	18,370

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.

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

(i) Properties investment segment – properties investment, development of shopping mall, leasing of properties, and property management;

(ii) Medical equipment trading segment;

(iii) Flooring materials trading segment;

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

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

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

Six months ended 30 June 2022 (unaudited)

	Property investment *HK$'000*	Medical equipment trading *HK$'000*	Flooring material trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and asset management *HK$'000*	Total *HK$'000*
Segment revenue	33,731	4,620	56,414	–	–	94,765
Segment net investment gains	–	–	–	–	98	98
Total	33,731	4,620	56,414	–	98	94,863
Segment results	(302,563)	(2,373)	1,026	(387)	(926)	(305,223)
Net foreign exchange losses						(3)
Unallocated finance costs						(100)
Unallocated interest income						695
Central administration costs						(17,293)
Loss before tax						(321,924)

Six months ended 30 June 2021 (unaudited)

	Property investment *HK$'000*	Medical equipment trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and asset management *HK$'000*	Total *HK$'000*
Segment revenue	10,418	7,952	–	–	18,370
Segment net investment gains	–	–	–	936	936
Total	10,418	7,952	–	936	19,306
Segment results	(26,321)	(323)	(43,253)	(4,664)	(74,561)
Net foreign exchange gains					1,496
Impairment losses reversed on					
– disposal receivable of 杭州太榮資產管理有限公司 Hangzhou Tai Rong Asset Management Co. Ltd* ("**Hangzhou Tai Rong**")					21,831
– interest receivable from disposal receivable of Hangzhou Tai Rong					751
Interest income from disposal receivable of Hangzhou Tai Rong					12,302
Bargain purchase gain on acquisition of subsidiaries					2,312
Impairment on goodwill					(474)
Unallocated finance costs					(54)
Unallocated interest income					8,553
Central administration costs					(19,041)
Loss before tax					(46,885)

5. NET INVESTMENT GAINS

	Six months ended 30 June **2022** ***HK$'000*** **(unaudited)**	2021 *HK$'000* (unaudited)
Changes in fair value of financial assets at fair value through profit or loss ("**FVTPL**")	**98**	936

* The English name is for identification purpose only.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Net foreign exchange gains	**764**	1,496
Bargain purchase gain on acquisition of subsidiaries	**–**	2,312
Impairment on goodwill	**–**	(474)
Others	**18**	–
	782	3,334

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on		
– bank borrowings	**91,346**	22,857
– lease liabilities	**139**	123
	91,485	22,980

8. INCOME TAX (CREDIT)/EXPENSES

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
PRC Enterprise Income tax:		
Current tax	**1,027**	3,701
Deferred tax	**(50,482)**	5,600
	(49,455)	9,301

9. LOSS FOR THE PERIOD

Loss for the period has been arrived after charging:

	Six months ended 30 June	
	2022	2021
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Cost of inventories recognised as an expense	**57,441**	5,401
Depreciation of property, plant and equipment	**516**	2,021
Depreciation of right-of-use assets	**2,902**	1,841
Amortisation of intangible assets	**1,363**	455
Expenses relating to short-term leases	**26**	122

10. DIVIDEND

The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

11. 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	
	2022	2021
	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	**(271,302)**	(56,105)

	Six months ended 30 June	
	2022	2021
	'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.

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2021 (audited)	792,245
Addition	9,083
Acquisition of subsidiaries	3,780,073
Transfer to inventories	(222,575)
Changes in fair value recognised in profit or loss	(270,941)
Exchange realignment	72,592
At 31 December 2021 (audited)	**4,160,477**
Changes in fair value recognised in profit or loss	**(222,873)**
Exchange realignment	**(218,261)**
At 30 June 2022 (unaudited)	**3,719,343**

The fair values of the Group's investment properties located in the UK at 30 June 2022 have been valued by the Directors based on market comparable approach with reference to market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties, while the fair value of the Group's investment properties located in the PRC have been valued by independent professional valuer based on income capitalisation approach with reference to capitalisation rate and monthly market rent taking to account the nature of property, income potential, location and individual factor of the properties.

There has been no change from the valuation technique used in prior years. In estimating the fair values of the investment properties for disclosure purpose, the highest and the best use of the investment properties is their current use.

The Group's investment properties are under Level 3 fair value hierarchy as at 30 June 2022 and 31 December 2021 and there were no transfer out of level 3 during the six months ended 30 June 2022 and 2021.

13. MINING RIGHTS

	HK$'000
COST	
At 1 January 2021, 31 December 2021 (audited) and 30 June 2022 (unaudited)	1,003,034
IMPAIRMENT	
At 1 January 2021	921,243
Impairment losses recognised	63,075
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	984,318
CARRYING VALUES	
At 31 December 2021 (audited) and 30 June 2022 (unaudited)	18,716

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 9 to 14 years, expiring in July 2031, March 2033 and December 2035, respectively. The mining right in Khovd Gol has a remaining legal life of 14 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 2022 and 2021.

14. ACCOUNTS RECEIVABLE

	30 June 2022 *HK$'000* **(unaudited)**	31 December 2021 *HK$'000* (audited)
Accounts receivable	**41,277**	30,097
Less: Allowance for credit losses	**(6,208)**	(4,477)
	35,069	25,620

The Group allows a credit period of 30 to 120 days (31 December 2021: 30 to 120 days) to its customers depending on the type of products sold. Trade receivable arising from sale of operating rights are due for settlement in accordance with terms of the relevant agreements.

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

	30 June 2022 *HK$'000* **(unaudited)**	31 December 2021 *HK$'000* (audited)
Within 90 days	**16,565**	24,843
91–120 days	**7,080**	–
Over 120 days	**11,424**	777
	35,069	25,620

15. BORROWINGS

	30 June 2022 HK$'000 (unaudited)	31 December 2021 HK$'000 (audited)
Secured fixed-rate bank borrowings	**1,602,626**	1,675,647
Secured variable-rate bank borrowings	**209,916**	232,131
Unsecured fixed-rate bank borrowings	**5,515**	3,000
	1,818,057	1,910,778

The secured bank borrowings were secured by the investment properties and equity interest of a subsidiary as at reporting periods.

16. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021 and 30 June 2022	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2021, 31 December 2021 (audited) and 30 June 2022 (unaudited)	5,250,019,852	262,501

17. ACCOUNTS PAYABLE

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

	30 June 2022 HK$'000 (unaudited)	31 December 2021 HK$'000 (audited)
0–30 days	**13,395**	10,755
31–90 days	**–**	16,380
	13,395	27,135

The credit period granted by the suppliers is 90 days for both reporting periods.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The revenue of Tai United Holdings Limited ("**Company**", together with its subsidiaries, "**Group**") for the six months ended 30 June 2022 ("**Reporting Period**") was approximately HK$94.8 million, representing a significant increase of 415.2% as compared to revenue of approximately HK$18.4 million for the six months ended 30 June 2021, such increase was mainly contributed by the rental income and property management and related services income, generated from the shopping mall businesses in the People's Republic of China ("**China**" or "**PRC**") in the ordinary and usual course of business of the Group, and the increase in revenue from sales of flooring materials. Although revenue increased substantially and the Company actively implemented continuous cost saving plan, the Group still recorded a loss before tax of approximately HK$321.9 million during the Reporting Period, expanded by 586.4% as compared with the loss before tax of HK$46.9 million in six months ended 30 June 2021, with the combined effect of:

(i) A decrease in fair value of investment properties in the PRC of approximately HK$222.9 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic; and

(ii) an increase in finance costs from approximately HK$23.0 million for the six months ended 30 June 2021 to approximately HK$91.5 million during the Reporting Period, which was due to the addition bank loans of approximately RMB1,370.0 million in connection to the acquisition of Guangzhou Shopping Mall (as defined below).

Income tax for the six months ended 30 June 2022 was approximately HK$49.5 million.

Taking into account of the income tax mentioned above and netting of non-controlling interests, the Group recorded the loss attributable to owners of the Company increased from approximately HK$56.1 million for the six months ended 30 June 2021 to approximately HK$271.3 million for the Reporting Period.

BUSINESS REVIEW

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

(1) Properties Investment

Shopping Mall Businesses in the PRC

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

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

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

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stores. For the Reporting Period, no further completion of pre-existing contracts prior to the acquisition of the Guangzhou Shopping Mall in 2021 due to COVID-19 led to no revenue recorded from the transfer of the operating rights of store units of the mall.

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

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 30 June 2022, details of the three shopping malls are set out as follows:

Shopping Mall	**Gross Floor Area** *(approximately sq.m.)*	**Leasable Floor Area** *(approximately sq.m.)*	**Leased Floor Area** *(approximately sq.m.)*
Anyang Shopping Mall Anyang Diyi Shopping Street Shopping Mall in the PRC	25,310	24,815	16,387
Jinzhou Shopping Mall Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	34,990
Guangzhou Shopping Mall Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,570	17,362

For the Reporting Period, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants of approximately HK$28.0 million.

Real Estate in the UK

The Group holds luxury real estate in premium location in central London within close proximity to the Buckingham Palace ("**UK Investment Properties**"). As at 30 June 2022, the UK Investment Properties of the Group carried at fair value were approximately HK$611.2 million. The revenue generated from the UK Investment Properties for the Reporting Period was approximately HK$5.8 million, representing an increase of 5,700% as compared to approximately HK$0.1 million over six months ended 30 June 2021. Such increase in rental income was mainly attributable to the lease payment arising from the new lease of the town house at 6 Buckingham Gate, London, the United Kingdom leased out in July 2021 for a term of three years.

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

As such, the overall segment results were therefore a loss of approximately HK$302.6 million, represented an increase of approximately 1,050.6% as compared to the loss of approximately HK$26.3 million in the six months ended 30 June 2021, which was mainly due to decrease in fair value of investment properties of approximately HK$222.9 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic and a finance costs of approximately HK$87.7 million during the Reporting Period, which was due to the addition bank loan of approximately RMB1,370.0 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Group commenced the trading business of flooring materials in second half of 2021 and recorded revenue of HK$56.4 million for the Reporting Period. The Group has made sales of flooring board materials to overseas customers by exporting to markets including the United States and India. Leveraging on the potential synergies with the Group's Shopping Mall Business in the PRC, we expect to capitalise on the shopping mall tenants and customer networks to develop and expand our domestic sales of flooring, ceiling and other decorative materials.

The Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"). Sales of Medical Products were still negatively affected by the COVID-19 pandemic. The revenue for the Reporting Period decreased to approximately HK$4.6 million, represented a decrease of 42.5% as compared with approximately HK$8.0 million of six months ended 30 June 2021. The segment loss for medical equipment trading business for the Reporting Period was approximately HK$2.4 million, as compared to a loss of approximately HK$0.3 million for six months ended 30 June 2021.

(3) Mining and Exploitation of Natural Resources

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

The carrying values of the Mining Rights was approximately HK$18.7 million as at 30 June 2022. The Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Assets Management

No segment revenue was recorded as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by repeated resurgence of COVID-19 pandemic and the elevated China-US tension. The Group has adopted a prudent approach in financial investments during the Reporting Period. As such, the segment loss for the Reporting Period was approximately HK$0.9 million, compared with the segment loss of approximately HK$4.7 million for corresponding period last year. The status of each of the business in this segment is further discussed as below.

Financial services

The Group holds a money lenders licence in Hong Kong through a wholly-owned subsidiary. Due to uncertain market conditions, the commencement of money lending business will be postponed.

Distressed debt assets management

The business incurred a loss of approximately HK$1.0 million for the Reporting Period, mainly representing the overhead costs of the business operation, whereas the loss of the six months ended 30 June 2021 was approximately HK$5.6 million. The Directors will continue to assess whether the Group should continue to engage in distressed assets investment.

Securities investment

The Group sold majority of its securities investments in the Reporting Period, a net investment income on the fair value amounting to approximately HK$0.1 million was recorded for the Reporting Period, as compared to a net investment loss of approximately HK$0.9 million in six months ended 30 June 2021.

FINANCIAL REVIEW

Capital structure

As at 30 June 2022, the consolidated net asset of the Group was approximately HK$1,357.5 million, representing a decrease of approximately HK$355.7 million as compared to that of approximately HK$1,713.2 million as at 31 December 2021. There is no shares movement since the end of the last year. As at 30 June 2022, the Company has 5,250,019,852 shares in issue and the total equity attributable to owners of the Company was approximately HK$1,355.7 million (as at 31 December 2021: approximately HK$1,711.0 million).

Liquidity and financial resources

As at 30 June 2022, the Group's bank balances and cash were approximately HK$263.2 million (as at 31 December 2021: approximately HK$255.4 million), current assets of approximately HK$347.1 million (as at 31 December 2021: approximately HK$392.1 million), current liabilities of approximately HK$2,339.5 million (as at 31 December 2021: approximately HK$2,392.4 million). The current ratio was 0.15 times *(Note 1)* (as at 31 December 2021: 0.16 times). As at the end of the Reporting Period, the net current liabilities of the Group were approximately HK$1,992.4 million (as at 31 December 2021: the net current liabilities of approximately HK$2,000.3 million).

As at 30 June 2022, the total debt financing of the Group was approximately HK$1,818.1 million (as at 31 December 2021: approximately HK$1,910.8 million), and there was no non-current debt financing for the Reporting Period (as at 31 December 2021: nil).

The net debt *(Note 2)* of the Group was approximately HK$1,554.9 million (as at 31 December 2021: negative net debt of approximately HK$1,655.4 million) and the total equity was approximately HK$1,357.5 million (as at 31 December 2021: approximately HK$1,713.2 million). Therefore, the gearing ratio *(Note 3)* as at the end of the Reporting Period was 1.34 (as at 31 December 2021: 1.12).

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

Note 1: Current ratio = Current assets/Current liabilities

Note 2: Net debt = Borrowings – Bank balances and cash

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

Capital commitments

As at 30 June 2022, the Group has no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2021: nil).

Charges on group assets

As at 30 June 2022, the Group's bank borrowings of approximately HK$1,812.5 million were secured by certain assets of the Group, including investment properties and the equity interest of a wholly-owned subsidiary (as at 31 December 2021: approximately HK$1,907.8 million).

Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities (as at 31 December 2021: nil).

Foreign exchange exposure

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 199 (as at 31 December 2021: 198) employees, of whom approximately 8% (as at 31 December 2021: 10%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2021: nil).

PROSPECTS

According to the National Bureau of Statistics of China, the gross domestic product was approximately RMB56 trillion yuan for the first half of 2022, representing a growth of 2.5% over the previous corresponding period. Total retail sales of social consumer products in the first half of the year dropped by 0.7% compared with corresponding period last year, amongst which the retail sales turned around to grow in June with a growth of 3.1% over the previous corresponding period. Various government departments across the PRC managed pandemic control and economic and social development with high efficiency, implemented stronger macro adjustment policies, and effectively carried out policies and measures to stabilise the economy. In general, China's economy has overcome challenges and maintained growth in the first half of the year, demonstrating robustness and resilience.

The Shopping Mall Businesses in the PRC and flooring materials trading are expected to be the Group's dual focus of business expansion and revenue source going forward.

The COVID-19 pandemic was resurgent in Mainland China during the first half of the year. Given China's strong pandemic control efforts across the country, it is anticipated that the pandemic will gradually stabilise and the economy and social consumption will recover at a faster pace. Currently the shopping mall patrons in China visit the malls primarily for fresh consumers experience in leisure and entertainments, amongst which dining is their main purpose, followed by socialising entertainment, shopping and consumption.

As such, the Group would focus on consumer demand for premium and specialty food and beverage as well as dynamic amusement when upgrading mall facilities and optimising configuration in the future. The malls of the Group will be shaped as hot spots for socialising, photo spots and online-offline shopping ancillary services.

Guangzhou Shopping Mall has set up fitness center and rooms for "scripts murder" – a mystery-role playing game, as well as an expanded dining area in the first half of the year. Together with the original development plan for the second half of the year, the mall will continue to bring in specialty stores and provide a meeting point between online and offline shopping, in order to attract more young consumers to patronise the mall. Besides satisfying the domestic consumer demand for trendy clothings, the shopping mall also plans to dedicate a special area to solicit tenants for facilities offering one stop services, such as exhibition halls, samples workshops and business meetings rooms to develop a purchase center for garment merchandisers from around the world including South East Asia, Middle East and South America.

Jinzhou Shopping Mall would reconsider introducing specialty food and beverages, electronic games center and rooms for "scripts murder" when the pandemic stabilises during the second half of the year. The mall also plans to renovate the middle section from the existing two walkways setting to a more spacious underground single walking path layout with branding fashion stores, delicacies restaurants and specialty beauty salons. The renovation of the single walkway middle section is expected to be completed next year and the new walkway would connect the single walkway paths of the current front and rear sections of the mall. Jinzhou Shopping Mall will then be transformed as the only underground integrated-commercial walking path in Jinzhou, offering all day round novel wandering plus shopping experience.

Anyang Shopping Mall introduced ice rink and bistro projects in the first half of the year and enriched the mall's dynamic amusement and leisure experience for the youth. The target is to build a regular social networking platform for the new generation. Once the pandemic further subsides in the second half of the year, the shopping mall plans to renovate the interior decoration for a more contemporary shopping environment. At the same time, it would offer more personalised services to the young shopping mall customers to better capture the business opportunities when consumption recovers in the future.

Our flooring materials trading business experienced fast growth in the first half of the year and is expected to maintain a healthy outlook for the second half of the year with target to develop the markets in Australia and Germany. The flooring products have been sold to countries like the United States and India at the moment. If the United States import duties on China's commercial products are reduced, sales of the Group's flooring products to the United States may be facilitated. We aim to develop and expand domestic markets in Mainland China and utilise our shopping mall network resources to create synergies.

In relation to the UK Investment Properties, the Group currently still plans to lease the properties. At the same time, subject to the real estate market environment in London and if investors make a suitable offer for the UK Investment Properties, the Group will actively assess the benefits to the Group of selling the UK Investment Properties.

Mutations of COVID-19 are causing global resurgences of the pandemic. War between Russia and Ukraine is at an impasse. The relationship between China and the United States experiences occasional tensions. Global interest environment is on the rise. All these factors cast shadows on worldwide economic recovery. Nevertheless, countries around the world are implementing various stimulus measures to allow commercial activities to steadily regain momentum. Market and consumer confidence is resurging. The Group will continue to adopt a prudent strategy to enhance business portfolio and asset structure in this complicated and fast changing operating environment. The Group will strive for better investment returns in the course of business expansion.

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. For the Reporting Period, save as disclosed below in this announcement, the Company has complied with all code provisions of the Corporate Governance Code ("**CG Code**") where applicable as set out in Appendix 14 to the Listing Rules.

According to code provision C2.1 of the CG Code, the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Hongfang, an executive Director, performs both roles of the chairman of the Board and the Chief Executive Officer of the Company since 31 January 2022 and is responsible for overseeing the daily operations of the Group. The Board believes that it is in the best interests of the Group to have Mr. Wang taking up both roles for effective management and business development. In addition, the Group operations are also supervised and managed by the rest of the Board, comprising one other executive director, one non-executive director and three independent non-executive directors, who provide balance of power and sufficient checks to protect interest of the Company and shareholders as a whole.

EVENTS AFTER THE REPORTING PERIOD

Save for the resignation of an executive Director of the Company, Mr. Chen Weisong, with effect from 15 July 2022, no significant events affecting the Group had occurred after the end of the Reporting Period.

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

For the Reporting Period, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

REVIEW OF THE INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Group for the Reporting Period has been reviewed by the audit committee of the Company ("**Audit Committee**") and the members of Audit Committee are of opinion that such statements comply the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 30 August 2022

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

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

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

Non-executive Director:
Mr. Xiao Yiqun