太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND RESUMPTION OF TRADING

The board of directors ("**Board**" or "**Directors**") of Tai United Holdings Limited (the "**Company**") announces the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 together with the comparative figures of the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	4		
Contracts with customers		**170,491**	119,759
Leases		**27,499**	39,980
Net investment losses	6	**–**	(512)
Total		**197,990**	159,227

	Notes	2023 HK$'000	2022 HK$'000
Other income	7	**15,744**	11,670
Impairment losses under expected credit loss model, net	8	**(324,271)**	(680,233)
Other gains or losses	9	**(6,750)**	(54,233)
Purchases and changes in inventories		**(120,280)**	(88,211)
Employee benefits expenses		**(35,510)**	(38,664)
Other operating expenses	10	**(62,097)**	(58,368)
Changes in fair value of investment properties		**(858,305)**	(679,152)
Finance costs	11	**(173,130)**	(178,153)
Loss before tax		**(1,366,609)**	(1,606,117)
Income tax credit	12	**197,352**	150,716
Loss for the year	13	**(1,169,257)**	(1,455,401)
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(20,110)**	(35,221)
Other comprehensive expense for the year		**(20,110)**	(35,221)
Total comprehensive expense for the year		**(1,189,367)**	(1,490,622)
Loss for the year attributable to:			
Owners of the Company		**(1,167,985)**	(1,454,890)
Non-controlling interests		**(1,272)**	(511)
		(1,169,257)	(1,455,401)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(1,188,016)**	(1,489,989)
Non-controlling interests		**(1,351)**	(633)
		(1,189,367)	(1,490,622)
Loss per share	14		
– Basic *(HK cents)*		**(22.25)**	(27.71)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**3,417**	4,771
Investment properties		**2,275,479**	3,174,568
Intangible assets		**46,194**	49,995
Mining rights		**11,010**	18,716
Right-of-use assets		**1,888**	5,965
Non-current deposits		**–**	1,502
Other non-current assets		**6,000**	6,000
		2,343,988	3,261,517
Current assets			
Inventories		**194**	2,122
Accounts receivable	16	**41,682**	29,769
Other receivables, deposits and prepayments		**23,661**	94,268
Restricted bank deposits		**28,011**	–
Bank balances and cash		**119,261**	222,941
		212,809	349,100
Current liabilities			
Accounts payable	17	**16,108**	12,569
Accrued liabilities and other payables		**618,634**	478,432
Borrowings	18	**1,673,546**	1,741,486
Lease liabilities		**1,532**	4,378
Tax payables		**102,045**	103,858
Financial guarantee contracts		**939,688**	664,394
		3,351,553	3,005,117
Net current liabilities		**(3,138,744)**	(2,656,017)
Total assets less current liabilities		**(794,756)**	605,500

	Note	**2023**	2022
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred tax liabilities		**171,744**	380,925
Lease liabilities		**299**	2,007
		172,043	382,932
Net (liabilities)/assets		**(966,799)**	222,568
Capital and reserves			
Share capital	19	**262,501**	262,501
Reserves		**(1,229,490)**	(41,474)
Equity attributable to owners of the Company		**(966,989)**	221,027
Non-controlling interests		**190**	1,541
Total equity		**(966,799)**	222,568

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) In accordance with the amendments to HKAS 1 and HKFRS Practice Statement 2, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Change in accounting policy on offsetting arrangement in long service payment scheme in HKSAR

In June 2022, the HKSAR Government enacted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**") which will be effective from 1 May 2025 (the "**Transition Date**"). Under the Amendment Ordinance, any accrued benefits attributable to the employer's mandatory contributions under mandatory provident fund scheme ("**MPF Benefits**") of an entity would no longer be eligible to offset against its obligations on long service payment ("**LSP**") for the portion of the LSP accrued on or after the Transition Date. There is also a change in the calculation basis of last monthly wages for the portion of the LSP accrued before the Transition Date.

Prior to 1 January 2023, the Group applied practical expedient in HKAS 19 paragraph 93(b) (the "**Practical expedient**") to account for the offsetable MPF Benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPFLSP offsetting mechanism in HKSAR" (the "**Guidance**") which provides clarified and detailed guidance on the accounting considerations relating to the abolition of the offsetting mechanism. The Guidance clarified that following the enactment of the Amendment Ordinance, LSP is no longer a "simple type of contributory plans" to which the Practical expedient had been intended to apply.

By following the Guidance, the Group has therefore changed its accounting policy and ceased to apply the Practical expedient and reattribute the deemed employee contributions on a straight line basis from the date when services by employees first lead to their benefits in terms of the LSP legislation in accordance with HKAS 19 paragraph 93(a). The cumulative effect of recognising these adjustments as of 31 December 2022 or for the year ended was not material and hence no adjustment was made to the beginning accumulated losses, or another component of equity.

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKAS 1 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[3]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]

[1] Effective for annual periods beginning on or after 1 January 2024.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or 1 January 2025.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the Group incurred a net loss of HK$1,169,257,000 during the year ended 31 December 2023 and, as of that date, the Group's has net current liabilities of HK$3,138,744,000 and net liabilities of HK$966,799,000 including the overdue bank borrowings of HK$1,479,499,000 which have not yet been successfully renewed, extended nor repaid during the year ended 31 December 2023 and up to date of this announcement. There were certain pledge of assets and financial guarantees provided by two subsidiaries established in the PRC, namely Guangzhou Rongzhi Public Facilities Investment Co., Ltd.* (廣州融智公共設施投資有限公司) ("**Guangzhou Rongzhi**") and Jinzhou Jiachi Public Facilities Management Co., Ltd.* (錦州嘉馳公共設施管理有限公司) ("**Jinzhou Jiachi**") for the bank borrowings of companies outside the Group and the court judged that the Group are liable for that. In addition, amounting to bank loan in relation to the pledge of assets and financial guarantees mentioned above with the principal amount of RMB7,269,900,000 up to report date are defaulted. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements have been prepared on a going concern basis as the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year taking into the consideration of the following matters:

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

(2) The Group may seek other financing resources to meet its liabilities and obligation as and when they are fall due.

(3) The Group may consider to take action against the Seller of the subsidiaries acquired in 2021 for claims for breach of warranty.

(4) The Group may disposed the company asset for the repayment of loan.

The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from 31 December 2023. Taking into account of the internally available funds, non-current assets held by the Group, the undertaking arrangement obtained from Mr. Dai and the potential disposal of assets, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

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

4. REVENUE

Disaggregation of revenue for contracts with customers

	2023	2022
	HK$'000	*HK$'000*
Types of goods and services		
– Sales of commodity and medical equipment	**28,482**	9,864
– Sales of flooring materials	**105,603**	83,383
– Revenue from properties management and related services	**36,406**	26,512
	170,491	119,759
Geographical markets		
– The PRC	**64,888**	35,865
– Hong Kong	**1,194**	19,456
– Singapore	**–**	33,351
– United States of America ("**USA**")	**103,141**	30,576
– The United Kingdom ("**the UK**")	**–**	511
– Australia	**1,017**	–
– Belgium	**251**	–
	170,491	119,759
Timing of revenue recognition		
– Over time	**36,406**	26,512
– At a point in time	**134,085**	93,247
	170,491	119,759

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information for the years ended 31 December 2023 and 2022:

	Segment revenue	
	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
– Commodity and medical equipment trading	**28,482**	9,864
– Flooring materials trading	**105,603**	83,383
– Properties investment	**36,406**	26,512
	170,491	119,759
Leases	**27,499**	39,980
Net investment losses	**–**	(512)
Total revenue	**197,990**	159,227

5. SEGMENT INFORMATION

Segment revenue and results

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

For the year ended 31 December 2023

	Properties investment *HK$'000*	Commodity and medical equipment trading *HK$'000*	Flooring materials trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Financial services and assets management *HK$'000*	Total *HK$'000*
Segment revenue	**63,905**	**28,482**	**105,603**	**–**	**–**	**197,990**
Segment net investment losses	**–**	**–**	**–**	**–**	**–**	**–**
Total	**63,905**	**28,482**	**105,603**	**–**	**–**	**197,990**
Segment results	**(1,312,876)**	**(4,732)**	**(7,936)**	**(8,469)**	**(3,411)**	**(1,337,424)**
Net foreign exchange gain						**956**
Unallocated interest income						**2,286**
Unallocated finance costs						**(74)**
Central administration costs						**(32,353)**
Loss before tax						**(1,366,609)**

For the year ended 31 December 2022

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned or loss incurred before tax by each segment without allocation of central administration costs including directors' emoluments, legal and professional fees and other operating expenses, net foreign exchange losses, unallocated interest income, and unallocated finance costs. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

6. NET INVESTMENT LOSSES

	2023	2022
	HK$'000	*HK$'000*
Changes in fair value of financial assets at FVTPL	**–**	(512)

7. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income from:		
– bank	**1,094**	2,061
– loan receivables	**1,192**	154
Government grants *(note a)*	**–**	376
Sundry income	**13,458**	9,079
	15,744	11,670

Note:

(a) During the year ended 31 December 2023, the Group recognised government grants of HK$Nil (2022: HK$376,000) in respect of COVID-19-related subsidies of Employment Support Scheme provided by the Hong Kong Government.

8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	2023	2022
	HK$'000	*HK$'000*
(Impairment losses)/reversal of impairment losses recognised on:		
– accounts receivable	**(9,386)**	3,877
– other receivables	**(19,564)**	(564)
– financial guarantee contracts	**(295,321)**	(683,546)
	(324,271)	(680,233)

9. OTHER GAINS OR LOSSES

	2023	2022
	HK$'000	*HK$'000*
Net foreign exchange gain/(losses)	**956**	(12,773)
Impairment loss on intangible assets	**–**	(41,460)
Impairment loss on mining rights	**(7,706)**	–
	(6,750)	(54,233)

10. OTHER OPERATING EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Selling and distribution expenses	**26,283**	29,535
Administrative expenses:		
– Depreciation	**5,773**	7,053
– Legal and professional fee	**12,847**	9,533
– Registration, license fee and other office expenses	**5,726**	2,904
– Short-term leases and property management fees	**7,454**	5,777
– Repairs and maintenance	**1,988**	1,966
– Other taxes	**2,026**	1,600
	62,097	58,368

11. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest expenses on:		
– bank borrowings	**172,974**	177,868
– lease liabilities	**156**	285
	173,130	178,153

12. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
The PRC Enterprise Income Tax ("**EIT**")	**(988)**	5,115
Withholding Tax on dividend declared by PRC subsidiaries	**1,737**	–
Deferred tax	**(198,101)**	(155,831)
	(197,352)	(150,716)

13. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging/(crediting):		
Directors' emoluments	**7,376**	9,843
Other staff costs:		
– Salaries, allowances and benefits	**24,039**	24,971
– Retirement benefit scheme contributions	**4,095**	3,850
Total staff costs	**35,510**	38,664
Auditor's remuneration	**3,000**	2,890
Cost of inventories recognised as an expense	**120,280**	88,211
Impairment loss on mining rights	**7,706**	–
Impairment loss on intangible assets	**–**	41,460
Amortisation of intangible assets	**2,523**	2,659
Depreciation of property, plant and equipment	**1,968**	1,507
Depreciation of right-of-use assets	**3,805**	5,546
Total amortisation and depreciation	**8,296**	9,712
Gross rental income from investment properties	**(27,499)**	(39,980)
Less: direct operating expenses arising from investment properties that generated rental income	**25,169**	23,668
	(2,330)	(16,312)

14. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,167,985)**	(1,454,890)

	2023	2022
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of calculation of basic loss per share	**5,250,020**	5,250,020

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

15. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2023 (2022: nil).

16. ACCOUNTS RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Accounts receivable	**51,743**	30,444
Less: allowance for credit losses	**(10,061)**	(675)
	41,682	29,769

The Group allows a credit period of 0 to 90 days (2022: 0 to 90 days) to its customers depending on the type of products sold.

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

	2023	2022
	HK$'000	*HK$'000*
Within 30 days – 90 days	**22,819**	7,253
91 – 120 days	**9,167**	21,916
Over 120 days	**9,696**	600
	41,682	29,769

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:

	2023	2022
	HK$'000	*HK$'000*
0–30 days	**839**	1,849
31–90 days	**15,269**	10,720
	16,108	12,569

The credit period granted by the suppliers was 90 days (2022: 90 days) for the year ended 31 December 2023.

As at 31 December 2023 and 31 December 2022, all accounts payable were denominated in United States Dollar ("**US$**").

18. BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Unsecured fixed-rate bank borrowing *(note i)*	**5,377**	5,337
Secured variable-rate bank borrowing *(note ii)*	**188,670**	208,152
Secured fixed-rate bank borrowing *(note iii)*	**1,479,499**	1,527,997
	1,673,546	1,741,486

Notes:

(i) As at 31 December 2023, the unsecured fixed-rate bank borrowing amounting to approximately HK$5,377,000 (2022: HK$5,337,000) which is unguaranteed, carried at fixed interest rate of 3.8% (2022: 3.8%) and is repayable within one year.

(ii) As at 31 December 2023, the secured variable-rate bank borrowing carried interest at the London Interbank Offered Rates ("**LIBOR**") plus a margin of 2.75% (2022: 2.75%) per annum, which the effective interest rate is 5.99% to 8.12% (2022: 4.16%) per annum. It contains a repayment on demand clause and contractually repayable within one year based on scheduled repayment dates set out in the loan agreement. The loan agreement was expired in November 2022 and further extended to November 2023 and conditionally extended to March 2024. As at the report date, the loan was fully repaid.

(iii) As at 31 December 2023, the secured fixed-rate bank borrowing which is guaranteed, carried at fixed interest rate of 7% (2022: 7%) and is repayable on demand.

The secured bank borrowings were secured by the investment properties and 100% equity interest of a subsidiary established in the PRC as at 31 December 2023 (2022: same).

The loan agreement was expired in January 2021 and the agreement had not yet been successfully renewed nor extended as at 31 December 2023. Accordingly, the bank borrowing became overdue, repayable on demand, and was shown under current liabilities. Up to the approval date of the consolidated financial statements, the bank borrowing has not yet been renewed, extended nor repaid.

19. SHARE CAPITAL

	Number of shares	Share capital *HK$'000*
Authorised ordinary shares at HK$0.05 per share		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	34,566,666,668	1,728,333
Issued and fully paid ordinary shares at HK$0.05 per share		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,250,019,852	262,501
Authorised preference shares at HK$0.05 per share		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,433,333,332	271,666
Issued and fully paid preference shares at HK$0.05 per share		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	–	–

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the consolidated financial statements of Tai United Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 82 to 216, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of Qualified Opinion

During the year ended 31 December 2021, the Group acquired Guangzhou Rongzhi Public Facilities Investment Co., Ltd. ("**Guangzhou Rongzhi**") and Jinzhou Jiachi Public Facilities Management Co., Ltd. ("**Jinzhou Jiachi**") (collectively refer as the "**PRC Subsidiaries**") through the acquisition of their immediate holding company, Sky Build Limited and Superb Power Enterprises Limited (the "**Acquisition**"), respectively, from their shareholder (the "**Predecessor Shareholder**").

During the year ended 31 December 2023, several legal claims were filed against the PRC Subsidiaries due to the fact that the PRC Subsidiaries pledged its investment properties and provided financial guarantee (the "**Securities**") to secure bank loans granted to several companies related to the Predecessor Shareholder (the "**Borrowers**") together with other guarantors. The Borrowers defaulted bank loan repayment together with the interest and other charges. As at 31 December 2023, the principal amount of the defaulted bank loan by the Borrowers was amounted to RMB7,269,900,000 (the "**Overdue Amount**").

The Securities were allegedly originated prior to the Acquisition and the board of director at the date of the Acquisition has no knowledge for the Securities. Therefore, no disclosure of pledge of assets and provision of financial guarantee contracts was made in the completion account as of the Acquisition date.

Since the Securities were entered into prior to the Acquisition, the existing board of director of the Group are unable to ensure the completeness of the information in relation to pledged assets and financial guarantee contracts entered into.

In respect to the identified financial guarantee contracts resulted from the legal claims filed during the year ended 31 December 2023, the Group recognised the financial guarantee contracts amounted to HK$939,688,000 and HK$664,394,000 as at 31 December 2023 and 2022, respectively, represented an initial recognition of HK$664,394,000 for the year ended 31 December 2022 and further provision of HK$295,321,000 for the year ended 31 December 2023.

However, in respect to the legal claims, during the year ended 31 December 2023, the court issued a statement which stated that all guarantors, included the PRC subsidiaries are liable for the Overdue Amount but did not specifically indicate the portion to be borne by the PRC Subsidiaries. The court also stated that the pledged assets were seized by the court to settle the outstanding bank loan with guarantee provided by other guarantors but the amounts to be borne by the Group was not determined by the court. In the opinion of the directors, no credibility information of the other guarantor was available, therefore, the potential exposure in relation to the pledged assets and financial guarantee for bank loan which was now determined as default is not determinable.

Based on the above, we were unable to obtain sufficient appropriate audit evidence to ascertain the completeness and valuation of the Securities, in which the financial guarantee contracts amounted to HK$939,688,000 as at 31 December 2023 and HK$295,321,000 expected credit loss on financial guarantee contracts made during the year ended 31 December 2023 together with the corresponding balance and profit or loss effect in prior periods. Any adjustments to the opening balances as at 1 January 2022 that would be required might have consequential effects on the Group's liabilities as at 31 December 2022 and its financial performance for the year ended 31 December 2022 and 2023 and the presentation and disclosure thereof in the consolidated financial statements of the Group.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$1,169,257,000 during the year ended 31 December 2023 and, as of that date, the Group's has net current liabilities of HK$3,138,744,000, including the overdue bank borrowing of HK$1,479,499,000 which have not yet been successfully renewed, extended nor repaid during the year ended 31 December 2023 and up to date of this announcement and certain legal claims filed against the Group related to certain pledge of assets and financial guarantees. As stated in Note 3.1, these events or conditions, along with other matters as set forth in Note 3.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The revenue of the Company for the year ended 31 December 2023 ("**Year**") was approximately HK$198 million, representing a significant increase of 24.4% as compared to revenue of approximately HK$159.2 million for the year ended 31 December 2022, such increase was mainly contributed by increase in revenue generated from (i) properties management and related services in the People's Republic of China ("**China**" or "**PRC**") in the ordinary and usual course of business; (ii) sales of medical equipment; and (iii) sales of flooring materials of the Group. Revenue increased and the Company actively implemented continuous cost saving plan, the Group recorded a loss before tax of approximately HK$1,366.6 million during the Year, decreased by 14.9% as compared with the loss before tax of HK$1,606.1 million in the year ended 31 December 2022, with the combined effect of:

(i) a decrease in fair value of investment properties to approximately HK$858.3 million resulting from the post adverse impact of the outbreak of COVID-19 pandemic;

(ii) finance costs of approximately HK$173.1 million for the Year, representing a slight decrease from approximately HK$178.2 million during the year ended 31 December 2022, which was due to the bank loans of approximately RMB1,345 million in connection to the acquisition of Guangzhou Shopping Mall (as defined below); and

(iii) provision for guarantee contracts of approximately HK$295.3 million during the Year, which was due to guarantees provided by immediate holding companies of the Guangzhou Shopping Mall and Jinzhou Shopping Mall (as defined below). The guarantees were provided to onshore banks in the PRC in relation to third party loans and such guarantees were not disclosed to the Group by the seller at the time of acquisition of the holding companies of the two shopping malls.

Income tax credit for the Year was approximately HK$197.4 million.

Taking into account the income tax mentioned above and netting of non-controlling interests, the Group recorded the loss attributable to owners of the Company decreasing from approximately HK$1,454.9 million for the year ended 31 December 2022 to approximately HK$1,168.0 million for the Year.

BUSINESS REVIEW

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

(1) Property Investment

Shopping Mall Businesses in the PRC

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

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

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

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stores. For the Year, there was no further completion of pre-existing contracts prior to the acquisition of the holding company of the Guangzhou Shopping Mall in 2021 due to COVID-19, which led to no revenue recorded (2022: Nil) from the transfer of the operating rights of store units of the mall.

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

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 31 December 2023, 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	13,724
Jinzhou Shopping Mall			
Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	32,692
Guangzhou Shopping Mall			
Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,571	22,803

For the Year, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants of approximately HK$60.5 million.

As at 31 December 2023, the fair values of investment properties of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall amounted to approximately HK$334.4 million, approximately HK$542.3 million and approximately HK$862.1 million respectively.

Real Estate in the UK

The Group holds luxury real estate in premium location in central London within close proximity to the Buckingham Palace ("**UK Investment Properties**"). As at 31 December 2023, the UK Investment Properties of the Group carried at fair value were approximately HK$536.7 million. The revenue generated from the UK Investment Properties for the Year was approximately HK$3.4 million, representing a decrease of 68.2% as compared to approximately HK$10.7 million over the year ended 31 December 2022. Such decrease in rental income was mainly attributable to the early termination of the lease of the town house at 6 Buckingham Gate, London, the United Kingdom in April 2023.

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

As such, the overall segment results were therefore a loss of approximately HK$1,312.9 million, representing a decrease of approximately 15.8% as compared to the loss of approximately HK$1,558.7 million in the year ended 31 December 2022. A loss for the year was mainly due to provision for guarantee contracts of approximately HK$295.3 million, decrease in fair value of investment properties of approximately HK$858.3 million resulting from the post adverse impact of the outbreak of COVID-19 pandemic and finance costs of approximately HK$172.5 million during the Year, which was due to the bank loan of approximately RMB1,345 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Group's trading business of flooring materials with overseas customers recorded revenue of approximately HK$105.6 million for the Year, representing an increase of 26.6%, as compared to approximately HK$83.4 million over the year ended 31 December 2022. The Group has made sales of flooring board materials to overseas customers by exporting to markets including the United States, Australia and Belgium. 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 and other commerce business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Group operates in a highly competitive market. The revenue for the Year increased to approximately HK$28.5 million, represented a increase of 187.9% as compared with approximately HK$9.9 million of the year ended 31 December 2022. The segment loss for medical equipment trading and other commerce business for the Year was approximately HK$4.7 million, as compared to a gain of approximately HK$0.3 million for the year ended 31 December 2022.

(3) Mining and Exploitation of Natural Resources

Currently, the Group holds four mining right licences ("**Mining Rights**") of three tungsten projects in Mongolia. The segment of mining and exploitation of natural resources business recorded no revenue during the Year. In view of various factors including the closure of factories, suspension of production lines leading to lower market demand, some of the potential mining partners or investors had lost interest in investing in this segment during the Year.

The carrying values of the Mining Rights was approximately HK$11.0 million for the Year, representing a decrease of approximately 41.2% as compare to approximately HK$18.7 million over the year ended 31 December 2022. The Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Assets Management

No segment revenue was recorded during the Year as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by the China-US tension. The Group has adopted a prudent approach in financial investments during the Year. As such, the segment loss for the Year was approximately HK$3.4 million, compared with the segment loss of approximately HK$3.5 million for the year ended 31 December 2022. The status of each of the business in this segment is further discussed as below.

Financial Services

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

Distressed Debt Assets Management

The business incurred a loss of approximately HK$3.2 million for the Year, mainly representing the overhead costs of the business operation, whereas the loss of the year ended 31 December 2022 was approximately HK$2.8 million. The Directors will continue to assess whether the Group should continue to engage in distressed assets investment.

Securities Investment

The Group reported no transaction for its securities investments in the Year and no investment gain/loss was recorded for the Year, as compared to a net investment income of approximately HK$0.5 million in the year ended 31 December 2022.

FINANCIAL REVIEW

Capital Structure

As at 31 December 2023, the consolidated net liabilities of the Group was approximately HK$966.8 million, representing a decrease of approximately HK$1,189.4 million as compared to that net asset of approximately HK$222.6 million as at 31 December 2022. There is no shares movement since the end of the last year. As at 31 December 2023, the Company has 5,250,019,852 shares of HK$0.05 each in issue and the total deficit to owners of the Company was approximately HK$967.0 million (as at 31 December 2022: equity attributable to owners of the Company was approximately HK$221.0 million).

Liquidity and Financial Resources

As at 31 December 2023, the Group's bank balances and cash were approximately HK$147.3 million (as at 31 December 2022: approximately HK$222.9 million), current assets of approximately HK$212.8 million (as at 31 December 2022: approximately HK$349.1 million), current liabilities of approximately HK$3,351.6 million (as at 31 December 2022: approximately HK$3,005.1 million). The current ratio was 0.06 times[*(Note 1)*] (as at 31 December 2022: 0.12 times). As at the end of the Year, the net current liabilities of the Group were approximately HK$3,138.7 million (as at 31 December 2022: approximately HK$2,656.0 million).

As at 31 December 2023, the total debt financing of the Group was approximately HK$1,673.5 million (as at 31 December 2022: approximately HK$1,741.5 million), and there was no non-current debt financing for the Year (as at 31 December 2022: nil).

As at 31 December 2023, net debt[*(Note 2)*] of the Group was approximately HK$1,526.3 million (as at 31 December 2022 net debt of approximately HK$1,518.5 million) and the total deficit was approximately HK$966.8 million (as at 31 December 2022: total equity was approximately HK$222.6 million). Therefore, the gearing ratio[*(Note 3)*] as at the end of the Year was -1.73 (as at 31 December 2022: 7.82).

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

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings – Bank balances and cash

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

Capital Commitments

As at 31 December 2023, 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 2022: nil).

Charges on Group Assets

As at 31 December 2023, the Group's bank borrowings of approximately HK$1,668.2 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 2022: approximately HK$1,736.1 million).

During the year ended 31 December 2021, the Group acquired Guangzhou Rongzhi Public Facilities Investment Co., Ltd. ("**Guangzhou Rongzhi**") and Jinzhou Jiachi Public Facilities Management Co., Ltd. ("**Jinzhou Jiachi**") (collectively refer as the "**PRC Subsidiaries**") through the acquisition of their immediate holding company, Sky Build Limited and Superb Power Enterprises Limited (the "**Acquisition**"), respectively, from their shareholder (the "**Predecessor Shareholder**").

During the year ended 31 December 2023, several legal claims were filed against the PRC Subsidiaries due to the fact that the PRC Subsidiaries pledged its investment properties (the "**Pledges**") to secured bank loans granted to several companies related to the Predecessor Shareholder (the "**Borrowers**") together with other guarantors. The Borrowers defaulted bank loan repayment. As at 31 December 2023, the principal of the defaulted bank loan by the Borrowers was amounted to RMB3,400,000,000 (the "**Overdue Amount**").

The Pledges were allegedly originated prior to the Acquisition and the board of directors at the date of the Acquisition has no knowledge for the Securities. Therefore, no disclosure of pledge of assets contracts was made in the completion account as of the Acquisition date.

Since the Pledges were entered into prior to the Acquisition, the existing board of directors of the Group are unable to ensure the completeness of the information in relation to pledged assets contracts entered into.

Reference is made to the Company's announcement dated 29 November 2023, 12 December 2023, 2 February 2024 and 4 March 2024.

Contingent Liabilities

During the period from November 2018 to July 2019, two of the Group's subsidiaries, namely Guangzhou Rongzhi and Jinzhou Jiachi entered into various financial guarantee contracts with Shengjing Bank Co., Ltd and Bank of Jinzhou Co, Limited respectively for the bank borrowings of seven companies which were related to Mr. Dai Yonggue ("**Mr. Dai**"). The maximum liabilities guaranteed by Guangzhou Rongzhi and Jinzhou Jiachi were principal amounts of RMB569,900,000 and RMB3,300,000,000 respectively together with the outstanding accrued interests and other charges. At the prevailing time of those financial guarantee contracts entered into, Guangzhou Rongzhi and Jinzhou Jiachi were not subsidiaries of the Company, but companies indirectly controlled by Mr. Dai. The Group acquired the entire equity interests in Guangzhou Rongzhi and Jinzhou Jiachi through the acquisitions of Superb Power Enterprises Limited and Sky Build Limited respectively that were completed in April 2021. In the opinion of the directors of the Company, the Group became aware of those financial guarantee contracts when the Group received the PRC court notices about legal claims during the year 31 December 2023. Subsequent to the year end, the PRC court had judged on the claims that Guangzhou Rongzhi and Jinzhou Jiachi are jointly are severally liable for the loans guaranteed by the Group with the other guarantors. Reference is made to the Company's announcement dated 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 22 April 2024, 30 April 2024 and 10 May 2024. During the year ended 31 December 2023, the Group recognised RMB854,262,000 (2022: RMB586,998,000) (equivalent to approximately HK$939,688,000 (2022: HK$664,394,000)) impairment losses on these financial guarantee contracts based on the valuation prepared by Messer International Valuation Limited, an independent qualified professional valuer not connected with the Group, which was engaged by the Company for the year ended 31 December 2023 and 2022.

During the course of the preparation of the consolidated financial statements for the year ended 31 December 2023, the directors considered the expected payments to reimburse the holder of the guarantees were no longer recoverable from the borrowers and therefore recorded a loss of HK$295,321,000 (2022: HK$664,394,000) in the profit or loss.

Foreign Exchange Exposure

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

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 187 (as at 31 December 2022: 169) employees, of whom approximately 7.5% (as at 31 December 2022: 8.9%) 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 a final dividend for the Year (year ended 31 December 2022: nil).

PROSPECTS

Albeit the uncertainties still lingering in the international business environment, various countries involve in the mediation to facilitate ceasefire and commencement of peace negotiation between Russia and Ukraine, and between and Israel and Palestine, which help to stabilize the prices of the international commodities. While the interest rate in money market remains high, the global market has the prerequisites for interest rate cuts, benefiting the healthy development of the capital market. The consumer market in the PRC has regained its momentum after the pandemic to demonstrate stable economic growth.

Guangzhou Shopping Mall will continue to focus on transforming the operating layout of the children's wear section from double aisles to a single, broad aisle and bringing in branded children's wear. Part of the area will be modified as livestream zone for exclusive brands to promote tenants' online operation, offline sales and interactive customer experience. To increase the current occupancy rate of the storage bunks, they will be optimized as a combination of exhibition area and storage area to enhance the sector popularity and competitiveness of tenants targeting foreign merchandisers in the accessory industry. In respect of undergarment zone, it aims at maintaining the scale and diversity of the underwear projects.

Jinzhou Shopping Mall will modify some of the double and triple aisles into single aisle to enable effective connection to different underground zones. Meanwhile, shops with light meal theme and snack shops will be relocated and reorganised in an operating area to provide a strong customer flow for the operation of the adjacent trendy games zone. Upon modification, the business hours of the shopping mall will be prolonged on a trial basis to favour the increase of rental income. Jinzhou Shopping mall intends to establish an e-commerce department which will focus on market serving the daily needs of the locals. Through e-commerce platform and integrating online and offline operation, information and special offers of the daily life products are streamed online, while the needs of the consumers to visit physical shops can be satisfied offline, all these together coordinate tenants to provide more high-quality products and services.

Anyang Shopping Mall's plan on the women's fashion wear section will focus on young ladies' wear, including shoes, bags, garments and accessories. A trendy minimalistic street-strolling zone will be set up with snacks promoted by KOLs. Products interaction will be created by gathering tenants of hot brand fashions, manicure and selfie booths, while the major consumer group of young women will be maintained by streaming in Douyin local living. Meanwhile, a cultural travelling bazaar vibe will be promoted to feature small shops of hand-made products and accessories, realizing a special bazaar culture in the street zone. In addition, a wide variety of elements will be included in the trendy games zone. Projects like video games, escape rooms and murder plot games will be launched to attract tenants, creating a social space for the youth. Pet zone is intended to be established in Anyang Shopping Mall to introduce pet shops and pet merchandises as tenants. Regular pet parties will be organized to generate pet consumer flow.

A court of the PRC has announced its judgement in relation to the litigation claims against Guangzhou Shopping Mall and Jinzhou Shopping Mall for the provision of guarantees for the third-party loans, and has issued rulings for enforcement and notice. The two shopping malls are currently coordinating with the Claimant Banks to set up co-managed bank accounts for the shopping malls to support their normal business operations.

Regarding the investment properties in the UK, the Group has entered into an agreement to dispose all interest in the UK properties for GBP50 million, of which approximately GBP19 million has been applied to repay all outstanding bank loan in the UK, and the remaining balance will be used as working capital to support the Group's ongoing businesses primarily in trading of flooring materials and the leasing and management of shopping mall business in the PRC.

The flooring materials trading business, which will still focus on the North American market, is expected to have stable development in the following year.

Looking ahead to next year, with the increasingly stabilizing external business environment and the favourable conditions as reflected by the capital market and the interest rates, the Company will execute stringent control on assets and capital structure, adjust business portfolio on a timely basis, optimize overall business scale and sustainability, so as to maintain healthy operation and safeguard the inherent assets, while exploring new business opportunities.

SUBSEQUENT EVENTS AFTER THE YEAR

PRC Shopping Malls

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

Furthermore, during the Year the Company became aware of additional guarantees alleged to have been provided by Guangzhou Rongzhi as one of the guarantors in 2019 and pledges alleged to have been provided by Jinzhou Jiachi and/or Guangzhou Rongzhi, against their respective operating rights to the Jinzhou Shopping Mall and the Guangzhou Shopping Mall, as one of the respective pledgors in 2018, for bank loans taken out by third party companies. Litigations claims had been brought in the PRC by the Claimant Bank against Jinzhou Jiachi and Guangzhou Rongzhi for the pledges alleged to have been provided by the two companies. Judgements were made by the PRC court on the litigation claims. Enforcement notices for those judgements were issued by the PRC court after the Year.

Furthermore, the Company noted that onshore bank deposits of both Jinzhou Jiachi and Guangzhou Rongzhi had been frozen pursuant to a civil ruling (民事裁定書) handed down by a PRC court pursuant to one of the aforementioned litigation claims against these two subsidiaries of the Company for alleged pledges provided to the Claimant Bank. As at the date of this announcement, an aggregate amount of approximately RMB7.2 million have been frozen and approximately RMB31.2 million have been withdrawn and transferred to accounts maintained by the court in the PRC for judgements enforcement pursuant to the civil ruling.

During the Year, the Company noted that five litigation claims had been brought in the PRC by another onshore bank against, among others, Guangzhou Rongzhi, which was alleged to have provided guarantees as one of the guarantors of five bank loans, the borrowers of which being third party companies. Judgements for five of the litigation claims were made by the PRC courts after the Year.

At the prevailing time of the above alleged events, neither Jinzhou Jiachi, Longain nor Guangzhou Rongzhi were subsidiaries of the Company. The Company acquired the entire equity interest in Jinzhou Jiachi, the entire shareholding interest in Longain and correspondingly the entire equity interest in Guangzhou Rongzhi through acquisitions that completed in April 2021.

The Company further noted that a litigation claim had been brought in the PRC by a former supplier of the Group, being a third party company, against Jinzhou Jiachi. The relevant PRC court ordered that Jinzhou Jiachi to pay the former supplier approximately RMB1 million plus accrued interest.

After the Year, Guangzhou Rongzhi received a letter from the Claimant Bank to repay approximately RMB1.7 billion of outstanding principals, interest and default interest.

For further details regarding the aforementioned matters, please refer to the announcements of the Company dated 13 February 2023, 9 March 2023, 28 March 2023, 4 April 2023, 14 July 2023, 26 July 2023, 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 3 April 2024, 22 April 2024, 30 April 2024 and 10 May 2024 respectively. PRC legal counsel has been engaged to advise on the said litigation claims. The Group reserves all rights and remedies it may have against seller of Jinzhou Jiachi, Longain and Guangzhou Rongzhi and other relevant parties.

UK Properties

After the Year, the wholly owned UK subsidiary failed to repay and defaulted the loan with the London properties as security. The Company is actively cooperating with the lending bank in handling the loan matters. Subsequently, the loan was fully repaid on 16 May 2024. For further details of the related matters, please refer to the Company's announcement dated 5 March 2024, 20 March 2024 and 21 May 2024.

After the Year, the Company entered into a very substantial disposal and connected transaction for the disposal of the entire interest in a subsidiary which holds the London properties for GBP50 million. Deposit of approximately GBP19 million from the transaction was used to repay defaulted loan in UK. For further details of the related matters, please refer to the Company's announcement dated 23 April 2024.

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

During the year ended 31 December 2023, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to maintaining statutory and regulatory standards and adhering to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. During the year ended 31 December 2023, the Company has complied with all the applicable 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.

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

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

Further details of the Company’s corporate governance practices would be set out in the corporate governance report to be contained in the Company’s annual report for the year ended 31 December 2023.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”), as amended from time to time, as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by its Directors. Having made specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2023.

AUDIT COMMITTEE AND REVIEW ON THE FINAL RESULTS

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

As at 31 December 2023 and up to the date of this announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Dr. Gao Bin, Mr. Leung Ting Yuk and Ms. Song Yanjie. Mr. Leung Ting Yuk is elected as the chairman of the Audit Committee.

The audited consolidated financial statements of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee together with the management and the external auditors of the Company. The Audit Committee is satisfied that such statements comply with the applicable accounting standards and that adequate disclosures have been made.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partners CPA Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/taiunited/index.html. The annual report of the Company for the year ended 31 December 2023 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on Thursday, 13 June 2024.

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

Hong Kong, 12 June 2024

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
Mr. Leung Ting Yuk
Ms. Song Yanjie

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