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## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the “**Board**” or the “**Directors**”) of Tai United Holdings Limited (the “**Company**”) announces the audited consolidated final results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2017 together with the comparative figures of the nine months ended 31 December 2016 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2017*

	<i>NOTES</i>	Year ended 31 December 2017 <i>HK\$'000</i>	Nine months ended 31 December 2016 <i>HK\$'000</i>
Revenue	4	11,243,596	8,102,730
Other income	6	40,939	16,147
Other gains and losses	7	33,737	(59,743)
Purchases and changes in inventories		(10,658,280)	(7,882,354)
Employee benefits expenses		(105,066)	(43,125)
Other operating expenses		(196,273)	(129,430)
Changes in fair value of investment properties	13	148,875	304,430
Changes in fair value of assets classified as held-for-sale	20	20,000	–
Share of results of an associate		(35)	(46)
Finance costs	8	(177,788)	(100,644)
Profit before tax		349,705	207,965
Income tax expense	9	(37,614)	(166,858)
Profit for the year/period	10	312,091	41,107

	<b>Year ended 31 December 2017</b>	Nine months ended 31 December 2016
<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income (expense):		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising from translation of foreign operations	<b>174,650</b>	(19,464)
Changes in fair value of available-for-sale investments	<b>5,095</b>	–
Share of exchange difference of an associate	<b>466</b>	153
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries	<b>(53,452)</b>	1,224
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate	<b>(619)</b>	–
Other comprehensive income (expense) for the year/period	<b>126,140</b>	(18,087)
<b>Total comprehensive income for the year/ period</b>	<b>438,231</b>	23,020
Profit (loss) for the year/period attributable to:		
Owners of the Company	<b>312,096</b>	41,263
Non-controlling interests	<b>(5)</b>	(156)
	<b>312,091</b>	41,107
Total comprehensive income (expense) for the year/period attributable to:		
Owners of the Company	<b>438,059</b>	23,559
Non-controlling interests	<b>172</b>	(539)
	<b>438,231</b>	23,020
Earnings per share	12	
– Basic (HK cents)	<b>6.06</b>	1.94

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

		2017	2016
	NOTES	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		35,617	182,567
Investment properties	13	2,761,828	3,625,760
Goodwill		–	12,014
Intangible assets		4,655	32,366
Mining rights	14	454,541	454,541
Interest in an associate		–	15,301
Loan note receivable	15	–	1,460,808
Available-for-sale investments		70,919	1,116
Pledged bank deposits		–	19,713
Deferred tax assets		2,039	–
Other non-current assets		12,853	9,932
		<u>3,342,452</u>	<u>5,814,118</u>
<b>Current assets</b>			
Inventories		4,542	1,834
Financial assets designated as at fair value			
through profit or loss	16	446,660	452,600
Accounts receivable	17	166,617	85,063
Loan note receivable	15	1,472,118	–
Held-for-trading investments	18	2,244,524	651,856
Deposits, prepayments and other receivables		131,213	410,467
Financial derivative contracts		93,539	–
Structured deposits		89,020	313
Restricted bank deposits	19	1,117,534	841,106
Bank balances and cash		1,380,685	2,016,662
		<u>7,146,452</u>	<u>4,459,901</u>
Assets classified as held-for-sale	20	680,118	–
		<u>7,826,570</u>	<u>4,459,901</u>

		2017	2016
	NOTES	HK\$'000	HK\$'000
<b>Current liabilities</b>			
Financial liabilities held-for-trading	18	6,600	–
Financial derivative contracts		–	12,685
Accounts and bills payables	21	1,346,530	910,591
Accrued liabilities and other payables		180,300	151,366
Borrowings	22	2,203,852	1,931,096
Amounts due to related companies		192	14,728
Loan notes	23	–	1,412,116
Loan from a related company		121,847	–
Other liabilities	24	1,203,767	–
Tax payables		77,773	26,724
		<u>5,140,861</u>	<u>4,459,306</u>
<b>Net current assets</b>		<u>2,685,709</u>	<u>595</u>
<b>Total assets less current liabilities</b>		<u>6,028,161</u>	<u>5,814,713</u>
<b>Non-current liabilities</b>			
Borrowings	22	620,904	–
Loan from a related company		–	171,444
Other liabilities	24	–	1,165,586
Deferred tax liabilities		224,251	245,453
		<u>845,155</u>	<u>1,582,483</u>
<b>Net assets</b>		<u><u>5,183,006</u></u>	<u><u>4,232,230</u></u>
<b>Capital and reserves</b>			
Share capital	25	262,501	240,164
Reserves		4,917,283	3,989,016
		<u>5,179,784</u>	<u>4,229,180</u>
Equity attributable to owners of the Company		3,222	3,050
Non-controlling interests		<u>3,222</u>	<u>3,050</u>
<b>Total equity</b>		<u><u>5,183,006</u></u>	<u><u>4,232,230</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Contributed surplus reserve	Investments revaluation reserve	Translation reserve	Statutory reserves	Other capital contribution reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016	75,054	1,157,281	52,743	-	(754)	-	-	(435,429)	848,895	9,015	857,910
Profit (loss) for the period	-	-	-	-	-	-	-	41,263	41,263	(156)	41,107
Exchange differences arising from translation of foreign operations	-	-	-	-	(19,081)	-	-	-	(19,081)	(383)	(19,464)
Reclassification of cumulative exchange differences to profit or loss upon disposal of a subsidiary	-	-	-	-	1,224	-	-	-	1,224	-	1,224
Share of exchange difference of an associate	-	-	-	-	153	-	-	-	153	-	153
Other comprehensive expense for the period	-	-	-	-	(17,704)	-	-	-	(17,704)	(383)	(18,087)
Total comprehensive (expense) income for the period	-	-	-	-	(17,704)	-	-	41,263	23,559	(539)	23,020
Issue of rights shares	150,110	2,852,075	-	-	-	-	-	-	3,002,185	-	3,002,185
Placing of new shares	15,000	345,000	-	-	-	-	-	-	360,000	-	360,000
Transaction costs attributable to issue of rights shares and placing of new shares	-	(12,771)	-	-	-	-	-	-	(12,771)	-	(12,771)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(5,426)	(5,426)
Other capital contribution	-	-	-	-	-	-	7,312	-	7,312	-	7,312
At 31 December 2016	240,164	4,341,585	52,743	-	(18,458)	-	7,312	(394,166)	4,229,180	3,050	4,232,230

Attributable to owners of the Company

	Share capital	Share premium	Contributed surplus reserve	Investments revaluation reserve	Translation reserve	Statutory reserves	Other capital contribution reserve	Accumulated losses	Subtotal	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) for the year	-	-	-	-	-	-	-	312,096	312,096	(5)	312,091
Exchange differences arising from translation of foreign operations	-	-	-	-	174,473	-	-	-	174,473	177	174,650
Changes in fair value of available-for-sale investments	-	-	-	5,095	-	-	-	-	5,095	-	5,095
Share of exchange difference of an associate	-	-	-	-	466	-	-	-	466	-	466
Reclassification of cumulative exchange differences to profit or loss upon disposal of subsidiaries	-	-	-	-	(53,452)	-	-	-	(53,452)	-	(53,452)
Reclassification of cumulative exchange differences to profit or loss upon disposal of an associate	-	-	-	-	(619)	-	-	-	(619)	-	(619)
Other comprehensive income for the year	-	-	-	5,095	120,868	-	-	-	125,963	177	126,140
Total comprehensive income for the year	-	-	-	5,095	120,868	-	-	312,096	438,059	172	438,231
Issue of ordinary shares for acquisition of subsidiaries	22,337	585,233	-	-	-	-	-	-	607,570	-	607,570
Cancellation of share premium and transferred to contributed surplus reserve (Note b)	-	(4,926,818)	4,926,818	-	-	-	-	-	-	-	-
Dividends recognised as distributions (Note c)	-	-	(95,025)	-	-	-	-	-	(95,025)	-	(95,025)
Transfer to statutory reserves (Note d)	-	-	-	-	-	57,485	-	(57,485)	-	-	-
At 31 December 2017	262,501	-	4,884,536	5,095	102,410	57,485	7,312	(139,555)	5,179,784	3,222	5,183,006

*Notes:*

- (a) The contributed surplus reserve of the Group arose as a result of the Group reorganisation prior to its public listing on 2 October 1995 and represents the difference between the nominal value of the shares of the former holding company of the Group acquired pursuant to the Group reorganisation, over the nominal value of the shares of the Company issued in exchange therefore.
- (b) On 30 October 2017, the shareholders of the Company approved a special resolution regarding the cancellation of the entire amount of share premium amounting to approximately HK\$4,926,818,000 and transferred to contributed surplus reserve.

- (c) Under the Companies Act 1981 of Bermuda (as amended), a company may not declare or pay a dividend, or make a distribution out of contributed surplus reserve, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Otherwise the contributed surplus reserve is distributable. During the year ended 31 December 2017, the Company has distributed dividends from contributed surplus reserve amounted to approximately HK\$95,025,000 to the shareholders of the Company.
- (d) According to the relevant rules and regulations in the People's Republic of China (the "PRC"), each of the Company's PRC subsidiaries shall transfer 10% of their net income after taxation, based on the subsidiary's PRC statutory accounts, as statutory reserves, until the balance reaches 50% of the respective subsidiary's registered capital. Further appropriations can be made at the directors' discretion. The statutory reserves can be used to offset any accumulated losses or convert into paid-up capital of the respective subsidiary.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

### 1. GENERAL

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 “**Directors**”), the Company’s ultimate holding company is Satinu Resources Group Ltd. (“**Satinu Resources**”), a company incorporated in British Virgin Island (“**BVI**”) with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Suite 1206–1209, 12th Floor, Three Pacific Place, 1 Queen’s Road East, Hong Kong.

The Company is an investment holding company and the principal activities of its principal subsidiaries include financial services, securities investment, commodity trading, property investment, distressed debt asset management and mining and exploitation of natural resources.

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

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The reporting period end date of the Company and its subsidiaries (collectively referred to as “**the Group**”) was changed from 31 March to 31 December from last reporting period because the Directors determined to align the annual reporting period end date with the financial year end date of the Company’s principal operating subsidiaries established in the People’s Republic of China (the “**PRC**”). Such change is in response to the increase in operation and number of Company’s subsidiaries established in the PRC during recent years. The Directors consider that the change of the financial year end date will better facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a nine month period from 1 April 2016 to 31 December 2016 and therefore may not be comparable with amounts shown for the current year.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle



## New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>4</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying <i>HKFRS 9 Financial Instruments</i> with <i>HKFRS 4 Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2021

## 4. REVENUE

An analysis of the Group's revenue for the year/period is as follows:

	Year ended 31 December 2017	Nine months ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of petrochemical products	5,775,660	5,314,254
Sale of metal-related products	4,841,700	2,553,001
Effective interest income from loan note receivable ( <i>Note 15</i> )	217,386	6,798
Changes in fair value of financial assets (liabilities) held-for-trading	157,049	53,308
Property rental income	129,689	2,263
Changes in fair value of financial assets designated as at fair value through profit or loss	80,601	150,068
Sale of medical equipment and other general goods	21,627	21,851
Service fees, commission, broking income and interest income from margin clients from financial services business and insurance brokerage business	19,884	1,187
	<b>11,243,596</b>	<b>8,102,730</b>

## 5. SEGMENT INFORMATION

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

For management purpose, the Group is currently organised into seven operating divisions summarised as follows:

- (i) Financial services segment – fund investment, provision of securities and margin financing, trading and brokerage of futures contracts, asset management, money lending business and insurance brokerage service to customers in Hong Kong;
- (ii) Securities investment segment – trading equity securities and derivatives in the PRC, Hong Kong and Singapore;
- (iii) Commodity trading segment – trading of petrochemical products and metal-related products in Singapore;
- (iv) Property investment segment – property investment and leasing of properties in the PRC, Hong Kong and the United Kingdom (“**UK**”);
- (v) Distressed debt asset management segment – managing of assets arising from acquisition of distressed debts assets in the PRC;
- (vi) Mining and exploitation of natural resources segment – mining and production of tungsten resources activities in the Republic of Mongolia (“**Mongolia**”); and
- (vii) Other segment – consists of trading of medical equipment and other general goods in the PRC.

## Segment revenue and results

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

### Year ended 31 December 2017

	Financial services	Securities investment	Commodity trading	Property investment	Distressed debt asset management	Mining and exploitation of natural resources	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>237,270</u>	<u>157,049</u>	<u>10,617,360</u>	<u>129,689</u>	<u>80,601</u>	<u>-</u>	<u>21,627</u>	<u>11,243,596</u>
Segment results	<u>85,529</u>	<u>117,224</u>	<u>33,210</u>	<u>258,905</u>	<u>56,423</u>	<u>(14,296)</u>	<u>185</u>	<u>537,180</u>
Gain on disposal of an associate								987
Gain on disposal of a subsidiary								4,960
Share of results of an associate								(35)
Net foreign exchange gains								3,424
Unallocated finance costs								(110,209)
Central administration costs								(86,602)
Profit before tax								<u>349,705</u>

### Nine months ended 31 December 2016

	Financial services	Securities investment	Commodity trading	Property investment	Distressed debt asset management	Mining and exploitation of natural resources	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>7,985</u>	<u>53,308</u>	<u>7,867,255</u>	<u>2,263</u>	<u>150,068</u>	<u>-</u>	<u>21,851</u>	<u>8,102,730</u>
Segment results	<u>4,718</u>	<u>6,824</u>	<u>(11,602)</u>	<u>298,395</u>	<u>133,193</u>	<u>(1,102)</u>	<u>648</u>	<u>431,074</u>
Loss on disposal of a subsidiary								(67)
Loss on initial recognition of loan notes								(440)
Share of results of an associate								(46)
Net foreign exchange losses								(60,974)
Unallocated finance costs								(67,784)
Central administration costs								(93,798)
Profit before tax								<u>207,965</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the reporting periods.

Segment result represents the profit earned or loss incurred before tax by each segment without allocation of central administration costs including Directors' emoluments, legal and professional fees, office rentals and other operating expenses, net foreign exchange gains (losses), unallocated finance costs, share of results of an associate, loss on initial recognition of loan notes, gain on disposal of an associate and gains (losses) on disposal of subsidiaries. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

### Segment assets and liabilities

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

	2017	2016
	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>Segment assets</b>		
Financial services	1,901,120	2,063,330
Securities investment	3,178,208	1,846,081
Commodity trading	1,377,325	1,194,036
Property investment	3,512,886	3,664,866
Distressed debt asset management	454,571	497,256
Mining and exploitation of natural resources	457,096	454,584
Other	14,884	8,898
	<u>10,896,090</u>	<u>9,729,051</u>
Interest in an associate	–	15,301
Available-for-sale investments	70,919	1,116
Structured deposits	89,020	313
Deposits paid for potential acquisitions	–	315,225
Unallocated property, plant and equipment	21,871	163,272
Unallocated intangible assets	4,155	4,130
Other unallocated corporate assets	86,967	45,611
	<u>11,169,022</u>	<u>10,274,019</u>
<b>Consolidated assets</b>		
	<u>2017</u>	<u>2016</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>Segment liabilities</b>		
Financial services	1,311,139	1,290,291
Securities investment	1,049,548	388,365
Commodity trading	1,247,682	809,927
Property investment	780,141	1,250,212
Distressed debt asset management	34,771	40,409
Mining and exploitation of natural resources	93,679	93,158
Other	3,689	797
	<u>4,520,649</u>	<u>3,873,159</u>
Amounts due to related companies	192	14,728
Loan notes	–	1,412,116
Loan from a related company	121,847	171,444
Unallocated borrowings	1,307,498	498,471
Other unallocated corporate liabilities	35,830	71,871
	<u>5,986,016</u>	<u>6,041,789</u>
<b>Consolidated liabilities</b>		

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

- all assets are allocated to operating and reportable segments other than interest in an associate, available-for-sale investments, structured deposits, deposits paid for potential acquisitions, unallocated property, plant and equipment, unallocated intangible assets and other unallocated corporate assets (including primarily unallocated bank balances and cash).
- all liabilities are allocated to operating and reportable segments other than amounts due to related companies, loan notes, loan from a related company, unallocated borrowings and other unallocated corporate liabilities.

## 6. OTHER INCOME

	Year ended 31 December 2017 <i>HK\$'000</i>	Nine months ended 31 December 2016 <i>HK\$'000</i>
Interest income from:		
– restricted bank deposits	28,284	8,790
– bank and time deposits	5,931	4,195
Commission rebate on trading securities	2,365	–
Sundry income	4,359	3,162
	<b>40,939</b>	<b>16,147</b>

## 7. OTHER GAINS AND LOSSES

	Year ended 31 December 2017 <i>HK\$'000</i>	Nine months ended 31 December 2016 <i>HK\$'000</i>
Changes in fair value of financial derivative contracts	103,854	4,104
Gain (loss) on disposal of subsidiaries	52,220	(67)
Net foreign exchange gains (losses)	3,424	(60,974)
Changes in fair value of structured deposits	1,407	160
Gain on disposal of an associate	987	–
Profits attributable to the third parties' interest in consolidated structured entities	(82,001)	(2,486)
Impairment loss on goodwill and intangible assets	(38,408)	–
Impairment loss on accounts and other receivable	(7,746)	(40)
Loss on initial recognition of loan notes	–	(440)
	<b>33,737</b>	<b>(59,743)</b>

## 8. FINANCE COSTS

	Year ended 31 December 2017	Nine months ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on		
– secured bank borrowings	54,640	8,704
– other borrowings	50,776	–
– margin financing	29,506	17,825
– loan notes	29,421	30,626
– loan from a related company	10,507	131
– vendor financing loan	1,123	2,991
– loans from Tai He Financial Group Limited (“Tai He Financial”)	–	32,278
Others	1,815	8,089
	<b>177,788</b>	<b>100,644</b>

## 9. INCOME TAX EXPENSE

	Year ended 31 December 2017	Nine months ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
The PRC Enterprise Income Tax (“EIT”)	26,817	4,849
Singapore Corporate Tax (“CIT”)	12,689	9,677
Hong Kong Profits Tax	11,800	1,464
The UK Profits Tax	20,927	29
	<b>72,233</b>	<b>16,019</b>
Overprovision in prior year:		
Hong Kong Profits Tax	(226)	–
The PRC EIT	(195)	(1,604)
Singapore CIT	–	(106)
	<b>(421)</b>	<b>(1,710)</b>
Deferred tax	<b>(34,198)</b>	<b>152,549</b>
	<b>37,614</b>	<b>166,858</b>

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

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25% or at a lower concessionary rate of 9% for subsidiaries operating in the Tibet Autonomous Region for the year/period.

Subsidiaries incorporated in Mongolia are subject to Mongolian income tax which is calculated at the rate of 10% on the first 3 billion Mongolian Turgrik of estimated taxable income and 25% on the amount in excess thereof. No provision for Mongolian income tax has been made in the consolidated financial statements as there are no assessable profits for the year/period.

The UK Profits Tax is calculated at 19.25% (nine months ended 31 December 2016: 20%) of estimated assessable profit for the year ended 31 December 2017.

#### 10. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December 2017 <i>HK\$'000</i>	Nine months ended 31 December 2016 <i>HK\$'000</i>
Profit for the year/period has been arrived after charging (crediting):		
Directors' emoluments	27,603	11,611
Other staff costs:		
– Salaries, allowances and benefits in kind	74,741	30,351
– Retirement benefits scheme contributions	2,722	1,163
Total staff costs	<u>105,066</u>	<u>43,125</u>
Auditor's remuneration	4,780	3,964
Cost of inventories recognised as an expense	10,658,280	7,882,354
Depreciation of property, plant and equipment	20,425	5,667
Amortisation of intangible assets	1,342	250
Legal and professional fee	33,142	66,424
Operating lease rental in respect of office premises	28,501	18,619
Gross rental income from investment properties	(129,689)	(2,263)
Less: direct operating expenses arising from investment properties that generated rental income	<u>1,292</u>	<u>46</u>
	<u><b>(128,397)</b></u>	<u><b>(2,217)</b></u>

#### 11. DIVIDENDS

	Year ended 31 December 2017 <i>HK\$'000</i>	Nine months ended 31 December 2016 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year/period: 2017 Interim – HK1.81 cents (2016 Interim: Nil) per share	<u><b>95,025</b></u>	<u><b>–</b></u>

No dividend has been proposed for ordinary shareholders of the Company since the end of the reporting periods.

## 12. EARNINGS PER SHARE

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

	<b>Year ended 31 December 2017</b>	Nine months ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	<b>312,096</b>	41,263
	<b>Year ended 31 December 2017</b>	Nine months ended 31 December 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	<b>5,149,656</b>	2,123,430

For the year ended 31 December 2017, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the issuance of shares as consideration for acquisition of the Tai Infinite Holdings Group Limited and its subsidiary in March 2017.

For the nine months ended 31 December 2016, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the subscription of rights shares and share placing in November and December 2016.

No diluted earnings per share for the year/period were presented as there were no potential ordinary shares in issue during the year/period.

## 13. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
<b>FAIR VALUE</b>	
At 1 April 2016	–
Additions	1,261,374
Acquired through acquisition of subsidiaries	2,049,856
Changes in fair value recognised in profit or loss	304,430
Exchange realignment	10,100
At 31 December 2016	3,625,760
Acquired through acquisition of subsidiaries	606,529
Changes in fair value recognised in profit or loss	148,875
Reclassified as held-for-sale	(660,000)
Disposals	(111,817)
Disposals through disposal of a subsidiary	(1,189,720)
Exchange realignment	342,201
At 31 December 2017	<b>2,761,828</b>



## 14. MINING RIGHTS

HK\$'000

### COST

At 1 April 2016, 31 December 2016 and 31 December 2017 1,003,034

### IMPAIRMENT

At 1 April 2016, 31 December 2016 and 31 December 2017 548,493

### CARRYING VALUE

At 31 December 2016 and 31 December 2017 454,541

The mining rights represent the rights to conduct mining activities in the location of Nogoonnur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have remaining legal lives of 14 to 19 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. The Directors are of the opinion that the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. No active mining operation of the Group has taken place yet during the year. The Directors expect that the exploitation of the mines will take place no later than the end of 2021.

## 15. LOAN NOTE RECEIVABLE

	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year/period	<b>1,460,808</b>	–
Loans notes subscribed	–	1,550,800
Loan note arrangement fee and advisory fee receipt in advance	<b>(93,496)</b>	(93,051)
Amortisation of arrangement fee income and advisory fee income	<b>93,066</b>	3,059
Exchange realignment	<b>11,740</b>	–
	<u><b>1,472,118</b></u>	<u>1,460,808</u>
At the end of the year/period	<u><b>1,472,118</b></u>	<u>1,460,808</u>
Analysed for reporting purposes as:		
Non-current assets	–	1,460,808
Current assets	<u><b>1,472,118</b></u>	–
	<u><b>1,472,118</b></u>	<u>1,460,808</u>

During the nine months ended 31 December 2016, the Group entered into a subscription agreement with Haitong Global Investment SPC III pursuant to which the Group agreed to subscribe for 50,000 Class R participating shares at a total consideration of US\$50,000,000 (equivalent to approximately HK\$387,700,000) of Haitong Dynamic MultiTranche Investment Fund IV S.P..

## 16. FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group acquired distressed debt assets through public tenders in the PRC with collaterals, including plant and machinery, residential, industrial and commercial buildings, and land use rights in the PRC. Such distressed debt assets are accounted for as financial assets designated as at fair value through profit or loss according to their investment management strategy. The changes in fair value of financial assets designated as at fair value through profit or loss comprised realised gains from disposal of distressed debt assets and their unrealised fair value changes on the collaterals of distressed debt assets. Any interest income arising from such assets are also included in the changes in their fair values, if any.

## 17. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from the sales of petrochemical products and metal-related products	27,558	–
Accounts receivable arising from property rental income	32,887	–
Accounts receivable arising from the business of dealing in securities:		
– margin clients	40,645	29,847
– cash clients	1,654	529
Accounts receivable arising from the business of dealing in futures and options:		
– clients	35,535	26,045
– clearing houses, brokers and dealers	21,587	25,775
Accounts receivable arising from the business of insurance brokerage	2,163	–
Accounts receivable arising from the sales of medical equipment and other general goods	4,624	2,907
	<u>166,653</u>	<u>85,103</u>
Impairment loss in relation to:		
Accounts receivable arising from the business of dealing in securities:		
– margin clients	(36)	(40)
<b>Total</b>	<b><u>166,617</u></b>	<b><u>85,063</u></b>
Secured	40,609	29,807
Unsecured	126,008	55,256
<b>Total</b>	<b><u>166,617</u></b>	<b><u>85,063</u></b>

The following is an aged analysis of accounts receivable presented at the end of the reporting period, based on the invoice dates in relation to sale of medical equipment and other general goods, petrochemical products and metal-related products, property rental income and insurance brokerage service which approximated the respective revenue recognition dates:

	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	10,661	631
31–90 days	38,450	1,207
91–120 days	15,416	185
Over 120 days	2,705	884
	<u>67,232</u>	<u>2,907</u>

#### 18. HELD-FOR-TRADING INVESTMENTS

	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Financial assets held-for-trading:</b>		
Listed equity securities held-for-trading in Hong Kong	<u>2,244,524</u>	<u>651,856</u>
<b>Financial liabilities held-for-trading:</b>		
Commodity futures contracts held-for-trading in Singapore	<u>6,600</u>	<u>–</u>

The fair values of the held-for-trading investments were determined based on the quoted market bid prices available on the relevant exchanges.

#### 19. RESTRICTED BANK DEPOSITS

The restricted bank deposits represent bank deposits restricted by certain bank to secure the issuance of letters of credit in relation to the purchase of petrochemical and metal-related products. The deposits carry fixed interest ranging from 1.35% to 2.13% per annum (2016: 1.40% to 1.81% per annum). The entire amount will be released upon the settlement of the letters of credit within twelve months from the end of the reporting period and are therefore classified as current assets.

#### 20. ASSETS CLASSIFIED AS HELD-FOR-SALE

The major classes of assets classified as held-for-sale as at 31 December 2017 are as follow:

	<i>HK\$'000</i>
<b>Assets classified as held-for-sale:</b>	
Investment properties	680,000
Deposits, prepayments and other receivables	<u>118</u>
	<u>680,118</u>

HK\$'000

FAIR VALUE

Reclassified from investment properties as held-for-sale ( <i>Note 13</i> )	660,000
Changes in fair value recognised in profit or loss	20,000

At 31 December 2017	680,000
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On 23 October 2017, the Group had entered into a sales and purchase agreement with an independent third party to dispose of its entire equity interest of Excel Fine Holdings Limited (“**Excel Fine**”) at a cash consideration of HK\$738,000,000 and the principal asset of Excel Fine is the commercial property units located on 79th Floor of The Center, Central, Hong Kong. The completion date of the disposal will be on 28 March 2018. Accordingly, the above assets of Excel Fine expected to be disposed/utilised within twelve months which were classified as held-for-sale and presented separately in the consolidated statement of financial position. As at 31 December 2017, the Group received disposal deposits amounting to approximately HK\$110,700,000, equivalent to 15% of the total cash consideration.

**21. ACCOUNTS AND BILLS PAYABLES**

	2017 HK\$'000	2016 HK\$'000
Bills payable arising from the purchase of petrochemical products and metal-related products	1,242,218	790,013
Accounts payable arising from the business of dealing in securities:		
– clearing houses, brokers and dealers	12,127	26,022
– cash clients	6,597	5,582
– margin clients	28,384	48,634
Accounts payable to clients arising from the business of dealing in futures and options	53,546	40,340
Accounts payable arising from the business of insurance brokerage	2,294	–
Accounts payable arising from the sale of medical equipment and other general goods	1,364	–
	1,346,530	910,591

The following is an aged analysis of accounts payable arising from the sale of medical equipment and other general goods and insurance brokerage service and bills payables arising from the purchase of petrochemical products and metal-related products based on the invoices and bills issuance dates at the end of the reporting periods:

	2017 HK\$'000	2016 HK\$'000
Within 30 days	148,640	–
31–90 days	1,097,236	294,989
91–150 days	–	405,153
More than 151 days but within 1 year	–	89,871
	1,245,876	790,013

## 22. BORROWINGS

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured variable-rate bank borrowings	889,889	1,598,250
Less: loan raising costs	(2,567)	(8,865)
	<b>887,322</b>	1,589,385
Margin financing loans	1,028,403	310,590
Vendor financing loan	–	31,121
Loan instrument	620,904	–
Other borrowings	288,127	–
	<b>2,824,756</b>	1,931,096
<b>Analysed of reporting purposes:</b>		
Secured	2,536,629	1,931,096
Unsecured	288,127	–
	<b>2,824,756</b>	1,931,096

## 23. LOAN NOTES

	<i>HK\$'000</i>
<b>CARRYING VALUES</b>	
At 1 April 2016	–
Loan notes issued	1,395,000
Loss on initial recognition of loan notes	440
Transaction costs incurred	(13,950)
Interest expense charged during the period	30,626
	<b>1,412,116</b>
At 31 December 2016	1,412,116
Interest expense charged during the year	29,421
Redemption of loan notes	(1,441,537)
	<b>–</b>
At 31 December 2017	<b>–</b>

## 24. OTHER LIABILITIES – INTEREST IN CONSOLIDATED STRUCTURED ENTITY

	<u>2017</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purposes as:		
Current liabilities	1,203,767	–
Non-current liabilities	<u>–</u>	<u>1,165,586</u>
	<u><b>1,203,767</b></u>	<u><b>1,165,586</b></u>

For the year ended 31 December 2017, profit attributable to the third party's interest of approximately HK\$76,072,000 (nine months ended 31 December 2016: HK\$2,486,000) in consolidated structured entities is presented in other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The third party's interest in consolidated structured entity, including the principal, distribution, reinvestment and profit shared from the investment fund structured entity, amounted to approximately HK\$1,203,767,000 (2016: HK\$1,165,586,000) as at 31 December 2017 is presented as other liabilities in the consolidated statement of financial position.

## 25. SHARE CAPITAL

	<u>Number of shares</u>	<u>Share capital</u>
	<i>'000</i>	<i>HK\$'000</i>
<b>Authorised ordinary shares at HK\$0.05 per share</b>		
At 1 April 2016, 31 December 2016 and 31 December 2017	<u><b>34,566,667</b></u>	<u><b>1,728,333</b></u>
<b>Issued and fully paid ordinary shares at HK\$0.05 per share</b>		
At 1 April 2016	1,501,093	75,054
Subscription of rights shares	3,002,185	150,110
Placement of new shares	<u>300,000</u>	<u>15,000</u>
At 31 December 2016	4,803,278	240,164
Issue of shares	<u>446,743</u>	<u>22,337</u>
At 31 December 2017	<u><b>5,250,021</b></u>	<u><b>262,501</b></u>
<b>Authorised preference shares at HK\$0.05 per share</b>		
At 1 April 2016, 31 December 2016 and 31 December 2017	<u><b>5,433,333</b></u>	<u><b>271,666</b></u>
<b>Issued and fully paid preference shares at HK\$0.05 per share</b>		
At 1 April 2016, 31 December 2016 and 31 December 2017	<u><b>–</b></u>	<u><b>–</b></u>

## 26. CHARGES ON ASSETS

The Group has the following charges on assets for bills payables and certain borrowings as at 31 December 2017 and 2016:

	2017	2016
	<u>HK\$'000</u>	<u>HK\$'000</u>
Investment properties		
– Commercial property units located in the UK ( <i>Note a</i> )	–	988,425
– Residential property units located in the UK ( <i>Note b</i> )	<b>1,080,848</b>	1,074,375
– Commercial property units located in Hong Kong classified as held-for-sale ( <i>Note c</i> )	<b>680,000</b>	–
	<b>1,760,848</b>	2,062,800
Restricted bank deposits ( <i>Note d</i> )	<b>1,117,534</b>	841,106
Pledged bank deposits ( <i>Note a</i> )	–	19,713
Financial assets held-for-trading ( <i>Note e</i> )	<b>2,244,524</b>	651,856
Financial assets designated as at fair value through profit or loss ( <i>Note f</i> )	–	215,041
	<b>5,122,906</b>	3,790,516

*Notes:*

- (a) The investment properties, pledged bank deposits and together with a floating charge over all the assets of a subsidiary of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK\$573,000,000 as at 31 December 2016.
- (b) The investment properties, insurance proceeds and together with a floating charge over all the assets of certain subsidiaries of the Group were pledged to a bank to secure for a bank borrowing with an outstanding amount of approximately HK\$489,889,000 (2016: HK\$525,250,000).
- (c) The investment properties classified as held-for-sale (2016: investment properties held by Tai He Financial) were pledged to a bank to secure a bank borrowing with an outstanding amount of approximately HK\$400,000,000 (2016: HK\$500,000,000). This borrowing also guaranteed by Tai He Financial.
- (d) The restricted bank deposits were pledged to secure for bills payable arising from the purchase of petrochemical products and metal-related products with an outstanding amount of approximately HK\$1,242,218,000 (2016: HK\$790,013,000).
- (e) The financial assets held-for-trading was pledged to securities brokers to secure for margin financing loans with an outstanding amount of approximately HK\$1,028,403,000 (2016: HK\$310,590,000).
- (f) The financial assets designated as at fair value through profit or loss – distressed debt assets were pledged to secure for vendor financing loan with an outstanding amount of approximately HK\$31,121,000 as at 31 December 2016.

In addition to above charges on assets, the Group's 8% Note with an outstanding amount of approximately HK\$620,904,000 as at 31 December 2017 was secured by all the shares of two wholly-owned subsidiaries, Best Future Investments Limited (“**Best Future**”) and Tai United Financial Group Limited (“**TU Financial**”).

## 27. CAPITAL COMMITMENTS

	2017	2016
	<u>HK\$'000</u>	<u>HK\$'000</u>
Capital expenditure in respect of potential share subscription contracted for but not provided in the consolidated financial statements ( <i>Note</i> )	–	592,000

*Note:* On 18 July 2016, the Company entered into an subscription agreement with Hua Lien International (Holding) Company Limited (“**Hua Lien**”), pursuant to which the Company conditionally agreed to subscribe a total of 3,700,000,000 shares in Hua Lien at the subscription price of HK\$0.16 per share. The consideration of approximately HK\$592,000,000 will be settled in cash by the way of the loan borrowed from Tai He Financial.

On 27 March 2017, the Directors considered that the conditions precedent of the subscription agreement have not been fulfilled by the long stop date specified in the subscription agreement and the Directors has decided not to proceed with further negotiation to amend or extend the subscription agreement. The subscription agreement therefore has lapsed and the subscription contemplated thereunder will not be proceeded.

As at 31 December 2017, the Group has no other material commitment.

## 28. EVENTS AFTER REPORTING PERIOD

### (a) Disposal of Best Future

During the year ended 31 December 2017, the Group entered into a note instrument subscription agreement (the “**Note Agreement**”) with an independent third party (the “**Subscriber**”) pursuant to which the Group agreed to issue and the Subscriber agreed to subscribe for a 8% note (the “**8% Note**”) in the aggregate principal amount of US\$80,000,000 (equivalent to approximately HK\$620,904,000) with a term of 3 years from the date of issue. The 8% Note was fully subscribed by the Subscriber in March 2017.

Subsequent to the end of the reporting period, the Group had entered into sales and purchase agreements with two independent third parties to dispose of its 67% equity interest in Best Future, which engaged in provision of securities and margin financing, trading and brokerage of futures contracts, asset management and money lending business in Hong Kong at a total cash consideration of approximately HK\$104,940,000.

Therefore, the Group has released the charges on equity shares of Best Future and TU Financial for the purpose of disposing its 67% equity interest in Best Future by issuing cashier’s orders to the Subscriber amounting to HK\$650,005,000.

The disposal was completed on 18 January 2018, on which date the Group lost control of Best Future.

### (b) Change of ultimate holding company

On 19 January 2018, Songbird SG Pte. Ltd. (“**Songbird**”), an independent third party of the Group, entered into two sale and purchase agreements with Tai Capital LLC and Chua Lee Holdings Limited, former holding companies of the Group, to acquire 23.40% and 50.58% issued share capital of the Company, respectively, at total considerations amounting to approximately HK\$3,573,076,000.

Upon completion of the share transfer, Songbird held 73.98% of issued share capital of the Company and its holding company. Satinu Resources became the ultimate holding company of the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

#### (1) Investment and Asset Management

##### *Distressed Debt Assets Management*

Our onshore professional team has been proactively tapping into the value gap of distressed debt assets in the People's Republic of China (the "PRC"), building up various investment channels and acquired quality distressed bank loan portfolio strategically through public tenders, in a bid to maximise its overall revenues by integrating features of individual debtor and collaterals for different disposal methods.

After taking into account that funds continued to flow into the distressed assets industry, asset prices were being quickly pushed up and industry risk emerged. During the year, the Group carried out distressed debt assets acquisitions according to our principle of prudence and leveraged the favourable conditions of asset price increase to dispose of its existing assets rapidly.

As at the end of the year, the distressed debt assets held by the Group measured at fair value amounted to HK\$447 million, representing a decrease of 1% over the end of previous year.

##### *Property Investment*

In order to seize the market development opportunities of real estate in major developed regions both onshore and offshore, benefit from the long-term rental returns and asset appreciation and enhance the diversity and stability of the Group's profit, the Group commenced its property investment business in Hangzhou, the PRC, Hong Kong and London, the United Kingdom.

The revenue generated from property investment for the year ended 31 December 2017 increased 6,400% to HK\$130 million, as compared to the nine months ended 31 December 2016 (the "**corresponding nine-month period of 2016**"), which was mainly attributable to the increase in property rental income of the Group.

### ***Commodity Trading***

The Group attached great importance on non-ferrous metals and energy and chemical products. By capitalising on its well-established supply chain relationship in the industry both domestic and abroad and its diversified banking products, it commenced spot commodity trading, supply chain management and risk-free arbitrage businesses. During the year, the price of energy bulk commodities including petroleum, natural gas and coal marked a significant increase. The prices of bulk commodities such as crude oil and non-ferrous metals continued to increase. During the year ended 31 December 2017, the revenue generated from commodity trading amounted to HK\$10,617 million, representing an increase of 35% over the corresponding nine-month period of 2016.

### ***Securities Investment***

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

As a result of the increased size of investment portfolio during the year, the change in fair value of financial assets held-for-trading increased 196% to HK\$157 million (nine months ended 31 December 2016: HK\$53 million). As at the end of the year, the listed equity securities investment held by the Group amounted to HK\$2,245 million, representing an increase of 244% over the end of previous year.

## **(2) Financial Services**

In 2017, the Group's revenue generated from financial services was HK\$237 million, representing an increase of 2,862% over the corresponding nine-month period of 2016. In which of such revenue, HK\$217 million (nine months ended 31 December 2016: HK\$7 million) was derived from the effective interest income from the loan note investment, and HK\$20 million (nine months ended 31 December 2016: HK\$1 million) was mainly derived from the securities brokerage and asset management business of the Group through licences (Types 1, 2 and 9 regulated activities) held under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (the "SFC Licences"). In early 2018, the Group disposed its controlling interest in the entity which holds the SFC Licences, details of which are set out in the paragraph headed "Events after the reporting period" below.

### (3) Other Business

#### *Mining and Exploitation of Natural Resources*

The Group is in the course of preparing an updated resource estimation technical report which is expected to be issued by a qualified mineral technical advisor in 2018. Thereafter, the Group will engage a professional mining consultant to prepare an updated feasibility study report and environmental impact assessment report. The Board will formulate a business plan based on the results of further research and make further announcement in due course or as and when necessary.

#### **Material acquisition and disposal**

##### *Acquisition of the entire issued share capital of Tai Infinite Holdings Group Limited (“Tai Infinite Holdings”) and Excel Fine Holdings Limited (“Excel Fine”) (collectively, the “Tai Infinite Group”)*

On 5 January 2017, the Company, as the purchaser, entered into the sale and purchase agreement with its then controlling shareholder, as the vendor, pursuant to which the Company agreed to purchase the entire equity interest of Tai Infinite Group and accepted the assignment of loans from the former shareholder of the Tai Infinite Group. The principal asset of Tai Infinite Group is a commercial property located in Central, Hong Kong, being the entire 79th Floor of the Center (the “**Hong Kong Property**”), which was held through its wholly-owned subsidiary, Excel Fine.

The acquisition was completed on 24 March 2017 which was satisfied by the allotment and issuance of 446,742,544 ordinary shares of the Company.

Details of the acquisition of the Tai Infinite Group were set out in note 33 to the Condensed Consolidated Financial Statements of 2017 interim report, the Company’s announcement dated 5 January 2017, 27 February 2017 and 24 March 2017 and the Company’s circular dated 10 February 2017.

##### *Disposal of a commercial building in London, the United Kingdom*

On 18 September 2017, the Group disposed a property in London, the United Kingdom. The property, namely 10 Hammersmith Grove, is a commercial building situated in Hammersmith, west of London, the United Kingdom. The aggregate amount borne by the purchaser under the sale and purchase agreement amounted to GBP112 million (equivalent to approximately HK\$1,120 million) (subject to adjustments), which is equivalent to the valuation of the property as at 8 September 2017 as prepared by an independent professional valuer.

Details of the disposal of the property in the United Kingdom were set out in the Company’s announcement dated 18 September 2017.

### ***Disposal of Excel Fine***

On 21 September 2017, Tai Infinite Holdings, as the vendor, and the Company (as the vendor's guarantor) entered into a provisional sale and purchase agreement (the "**Provisional SP Agreement**") with Profit Gate International Limited ("**Profit Gate**"), pursuant to which Tai Infinite Holdings has conditionally agreed to sell, and Profit Gate has conditionally agreed to acquire, (i) the sale share, representing the entire issued share capital of Excel Fine, and (ii) the sale debts, representing the entire shareholder's loan owed by Excel Fine to Tai Infinite Holdings as at completion date, at an aggregate cash consideration of HK\$738 million. The respective formal sale and purchase agreement was signed on 23 October 2017.

Excel Fine is a property holding company and its principal asset is the Hong Kong Property, i.e. the entire 79th floor of The Center, a high rise office tower in Central, Hong Kong.

Subject to the fulfillment or waiver (as the case may be) of all the conditions precedents as set out in the formal sale and purchase agreement, the disposal of Excel Fine will be completed on 28 March 2018. Upon completion of the transaction, Excel Fine will cease to be an indirect wholly-owned subsidiary of the Company and the Company will cease to have any interest in Excel Fine.

Details of the disposal of Excel Fine were set out in the Company's announcement dated 21 September 2017 and note 20 to the Consolidated Financial Statements of this results announcement.

### ***Lapse of the subscription of new shares (the "Subscription") of Hua Lien International (Holding) Company Limited ("Hua Lien")***

On 18 July 2016, Tai United Investments Limited (a wholly-owned subsidiary of the Company), as the subscriber, entered into a conditional subscription agreement with Hua Lien, as the issuer, pursuant to which the subscriber had conditionally agreed to subscribe for, and Hua Lien had conditionally agreed to allot and issue 3,700,000,000 subscription shares at the subscription price of HK\$0.16 per subscription share for a total subscription amount of approximately HK\$592 million.

On 27 March 2017, as the conditions precedent required in the subscription agreement have not been fulfilled or waived by the long stop date specified in the subscription agreement, the Company decided not to proceed with further negotiation to amend or extend the subscription agreement. The subscription agreement therefore had lapsed and the Subscription contemplated thereunder would not proceed. The Company had withdrawn its application for the whitewash waiver thereunder accordingly.

Details of the Subscription are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016 and the announcements of the Company dated 10 August 2016, 29 September 2016, 28 October 2016, 30 November 2016 and 27 March 2017 respectively.

## FINANCIAL REVIEW

### Capital structure

As at 31 December 2017, the Group's consolidated net asset was HK\$5,183 million, representing an increase of HK\$951 million as compared to that of HK\$4,232 million as at 31 December 2016.

On 24 March 2017, the Company issued 446,742,544 new shares as the consideration for the acquisition of the Tai Infinite Group. As at 31 December 2017, the Company has 5,250,019,852 shares of HK\$0.05 each in issue and total equity attributable to the owners of the Company was approximately HK\$5,180 million (31 December 2016: HK\$4,229 million).

As at 30 October 2017, the Company reduced the entire amount standing to the credit of the share premium account of the Company to nil, the amount of which as at 30 June 2017 was approximately HK\$4,927 million. This credit was reduced and the credit arising therefrom was entirely transferred to the contributed surplus reserve. Upon completion of the share premium cancellation and after deducting the distribution of 2017 interim dividend amounted to approximately HK\$95 million, the credit balance of the contributed surplus reserve increased to approximately HK\$4,885 million as at 31 December 2017.

The share premium cancellation and the subsequent transfer of the credit arising therefrom to the contributed surplus reserve can allow the Company greater flexibility to declare dividends or make distribution to the shareholders in future as and when the Board considers appropriate.

Details of the reasons and impact of the share premium cancellation were set out in the circular of the Company dated 28 September 2017.

Save as disclosed above, there was no movement on the share capital of the Company during the year ended 31 December 2017.

### Fund raising activities

#### *Issuance and redemption of loan notes and warrants*

On 28 September 2016, the Company entered into the loan notes subscription agreement (the "**Loan Notes Subscription Agreement**") with Cheer Hope Holdings Limited, Haitong International Investment Fund SPC (acting on behalf of and for the account of Haitong International Investment Fund SPC – Fund I SP) and Songhua Investment Holding Limited (collectively, the "**Investors**"), pursuant to which the Company conditionally agreed to issue and the Investors conditionally agreed to subscribe for the loan notes (the "**Loan Notes**") in the aggregate principal amount of not more than USD180 million (equivalent to approximately HK\$1,395 million) with an initial term of 2 years from the date of issue, which may be

extended for a further term of one year by the Company with the consent of the Loan Notes holders (the “**Loan Notes Holders**”). The Loan Notes were fully subscribed by the Investors on 30 September 2016. The net proceeds received by the Company were approximately HK\$1,379 million.

Since there were no warrants (the “**Warrants**”) being granted on the date falling the six calendar months after the first closing date of the Loan Notes (i.e. 30 March 2017), or any other date as agreed in writing between Loan Notes Holders and the Company (the “**Warrants Long Stop Date**”), in accordance with the Loan Notes Subscription Agreement, the Loan Notes Holders exercised their early redemption rights by giving a written notice of early redemption to the Company and all of the Loan Notes held by the Loan Notes Holders were due and repaid.

Details of the issuance and redemption of the Loan Notes and Warrants were set out in note 23 to the Consolidated Financial Statements of this results announcement and the Company’s announcements dated 28 September 2016, 30 September 2016, 5 October 2016 and 5 January 2017 and the Company’s circular dated 15 December 2016 respectively.

### *Placing of new shares*

On 15 December 2016, the Company and Haitong Securities Co., Ltd. (the “**Placing Agent**”) entered into a placing agreement (the “**Placing Agreement**”), pursuant to which the Company conditionally agreed to place 300,000,000 placing shares (the “**Placing Shares**”) to not less than six places for subscription through the Placing Agent at a placing price (the “**Placing Price**”) of HK\$1.20 per Placing Share (the “**Placing**”), the purpose of which is to broaden the shareholders base and capital base of the Company and enhance its existing balance sheet strength. The Placing Price of HK\$1.20 per Placing Share represent (i) a premium of approximately 1.69% to the closing price of HK\$1.18 per share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2016, being the date of the Placing Agreement; and (ii) a premium of approximately 7.72% to the average closing price of HK\$1.114 per share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Placing Agreement. The Company intended to apply the net proceeds for general working capital of the Group and financing future acquisition should such investment opportunities arise. On 30 December 2016, the Placing was completed and a total of 300,000,000 new shares with an aggregate nominal value of approximately HK\$15 million were issued upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares allotted and issued to not less than six places pursuant to the Placing Agreement. The net proceeds received by the Company were approximately HK\$358 million.

As at the date of this results announcement, the net proceeds from the Placing were used as to (i) approximately HK\$300 million for the repayment of Loan Notes; and (ii) approximately HK\$58 million as general working capital.



### ***Issuance of notes payable and other borrowings***

In March 2017, the Company entered into a note instrument subscription agreement (the “**Note Agreement**”) with an independent third party (the “**Subscriber**”), pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the 8% note (the “**8% Note**”) in the aggregate principal amount of USD80 million (equivalent to approximately HK\$621 million) with a term of 3 years from the date of issue. The 8% Note was fully subscribed by the Subscriber in March 2017. The net proceeds raised from above was used as general working capital.

Meanwhile, in March 2017, the Company entered into a loan agreement with another independent third party (the “**Lender**”), pursuant to which the Company agreed to borrow HK\$210 million from the Lender at an interest rate of 6% per annum for a term of 18 months upon the execution of the loan agreement.

Details of which were set out in note 22 to the Consolidated Financial Statements of this results announcement.

### **Liquidity and financial resources**

As at 31 December 2017, the Group’s bank balances and cash was HK\$1,381 million (31 December 2016: HK\$2,017 million), current assets of HK\$7,827 million (31 December 2016: HK\$4,460 million), current liabilities of HK\$5,141 million (31 December 2016: HK\$4,459 million). The current ratio was 1.52 times <sup>(Note 1)</sup> (31 December 2016: 1.00 time). As at the end of the year, the net current assets of the Group were HK\$2,686 million (31 December 2016: HK\$0.60 million).

As at 31 December 2017, the total debt financing of the Group was approximately HK\$2,825 million (31 December 2016: HK\$1,931 million), of which current debt financing was approximately HK\$2,204 million (31 December 2016: HK\$1,931 million), non-current debt financing was approximately HK\$621 million (31 December 2016: nil).

The net debt <sup>(Note 2)</sup> of the Group was HK\$1,566 million (31 December 2016: HK\$1,498 million) and total equity was HK\$5,183 million (31 December 2016: HK\$4,232 million). Hence, the gearing ratio <sup>(Note 3)</sup> as at the end of the year was 0.23 (31 December 2016: 0.26).

*Note 1:* Current ratio = Current assets/Current liabilities

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

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

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

The Group reviewed the capital structure and key ratios of the subsidiaries which hold the SFC Licences on a regular basis to ensure that sufficient liquidity is maintained to meet the requirements of their business operations. During the year ended 31 December 2017, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules.

### **Capital commitments**

As at 31 December 2017, the Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (31 December 2016: HK\$592 million).

### **Charges on group assets**

Details of which were set out in note 26 to the Consolidated Financial Statements of this results announcement.

### **Contingent liabilities**

As at 31 December 2017, the Group had no material contingent liabilities (31 December 2016: nil).

### **Foreign exchange exposure**

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

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



## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2017, the Group had 145 employees (31 December 2016: 92), of whom approximately 53.8% (31 December 2016: 54.3%) were located in Hong Kong and the rest were located in the PRC and overseas. Staff costs (including Directors' emoluments) amounted to HK\$105 million for the year ended 31 December 2017 (nine months ended 31 December 2016: HK\$43 million).

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.

The emoluments of the Directors are reviewed and recommended by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Apart from mandatory provident fund and medical insurance, the Company has adopted a share option scheme under which share options may also be awarded 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**

In 2017, the payment of an interim dividend of HK1.81 cents (interim dividend for the nine months ended 31 December 2016: nil) per ordinary share for the year ended 31 December 2017 was declared and the total amount distributed was approximately HK\$95 million. The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (final dividend for the nine months ended 31 December 2016: nil).

## **PROSPECTS**

The market in general remains optimistic about the global economic development in 2018 in which it will continue the robust growing momentum that emerged in 2017. The forecast of International Monetary Fund is that global economic growth will continue in 2018 and 2019 and hence adjusted its global growth rate upwards to 3.9% for next two years (0.2 percentage points higher when compared with its autumn forecast last year). The significant threats encountered by such economic growth include the tightening up of the current easing global financing conditions, international relations tension and intensifying trade protectionism in which they may disrupt global economic activities.

Despite the global volatile political and economic landscape, the industry environment where the Group operates is still faced with both challenges and opportunities. The Group will seize market opportunities brought by national policies, continue to consolidate the development results of each business segment, optimise assets allocation, reinforce internal control management and build its core competitiveness, aiming to achieve sustainable business development and bring continuous valuable returns to the shareholders of the Company.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Disposal of 67% equity interest in Best Future Investments Limited (“Best Future”)**

On 17 January 2018, the Company entered into agreements with two independent purchasers (the “**Purchasers**”) respectively, pursuant to which, the Company had conditionally agreed to sell each of the 33.5% equity interest in Best Future to the two Purchasers at a cash consideration of approximately HK\$52.5 million respectively.

As at the date of the agreements, Best Future and its wholly-owned subsidiaries (the “**Disposal Group**”) were principally engaged in (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 9 (asset management) regulated activities under the SFO; and (ii) money lending business (collectively the “**Disposal Business**”).

Although the Disposal Business has contributed revenue and profit to the Group, it still requires considerable time and efforts to manage such business in future. The Directors are of the view that introducing new investors can generate diversity of thinking and expand its business development. The disposal of the 67% equity interest can also reduce the Group’s investment and operation risks as well as realising part of its investment value. Such disposal was completed on 18 January 2018. Upon its completion, the results of the Disposal Group will be accounted for as an associated company, and its financial statements will not be consolidated into the consolidated financial statements of the Company.

## **PURCHASE, SALE OR REDEMPTIONS OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2017, 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 2017, the Company has complied with all code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), except for certain deviations disclosed herein.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 January 2017 to 31 January 2017, the positions of the chairman of the Board (the “**Chairman**”) and chief executive officer (the “**CEO**”) were held by Dr. Meng Zhoayi. Meanwhile, during the period from 11 July 2017 to 26 October 2017, Dr. Meng Zhaoyi acted for both acting Chairman and the CEO.

As at 31 December 2017 and up to the date of this results announcement, Mr. Chen Weisong is the CEO and the Chairman remains vacant. The Company is in the process of identifying a suitable candidate to be appointed as the new Chairman and will keep shareholders of the Company informed of such appointment by a further announcement in due course.

Under code provision A.1.3 of the CG Code, notice of at least 14 days in advance should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 December 2017, certain Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decisions in respect of urgent corporate transaction and general business update which was significant in nature. As a result, the individual Board meeting was held with a shorter notice period than required with the consent of the Directors. The Board will do its best endeavour to meet the requirement of code provision A.1.3 of the CG Code in the future.

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

According to the code provision A.6.7 of the CG Code, all independent non-executive directors and non-executive directors should attend general meetings of listed issuers. Mr. Mao Kangfu, the independent non-executive Director, was unable to attend the 2017 annual general meeting and the special general meetings held on 27 February 2017 and 30 October 2017 due to his other business engagements. Dr. Gao Bin, the independent non-executive Director, was unable to attend the special general meetings held on 27 February 2017 and 30 October 2017 due to his other business engagements. Ms. Liu Yan, the independent non-executive Director, was unable to attend the special general meeting held on 30 October 2017 due to her other business engagements.

Further details of the Company's corporate governance practices shall be set out in the corporate governance report to be contained in the Company's annual report for the year ended 31 December 2017.

## **COMPLIANCE WITH THE MODEL CODE BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

## **CHANGE IN CONTROLLING SHAREHOLDER**

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

The completion of the Sale and Purchase Agreements took place on 25 January 2018 in accordance with the terms and provisions of the Sale and Purchase Agreements. Immediately following the completion of the Sale and Purchase Agreements and as at the date of this results announcement, the Offeror was interested in an aggregate of 3,883,778,286 shares of the Company, representing approximately 73.98% of the entire issued share capital of the Company. Haitong International Securities Company Limited, on behalf of the Offeror, pursuant to Rule 26.1 of the Code on Takeover and Mergers, made a mandatory unconditional general offer in cash (the “**Offer**”) for all the issued shares of the Company other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. The Offer period has commenced since 25 January 2018 and not yet closed as at the date of this results announcement.

Details of the Offer were set out in the joint announcements issued by the Offeror and the Company dated 25 January 2018, 13 February 2018 and 14 March 2018 and the announcement issued by the Company dated 1 February 2018. The composite document in relation to the Offer is expected to be despatched to the shareholders of the Company on Thursday, 29 March 2018.

## **AUDIT COMMITTEE AND REVIEW ON THE ANNUAL 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 and providing advice and comments to the Board.

As at 31 December 2017 and up to the date of this results announcement, the Audit Committee comprised all three independent non-executive Directors, namely, Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing. Ms. Liu Yan is elected as the chairman of the Audit Committee.

The audited consolidated financial statements of the Group for the year ended 31 December 2017 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 MESSRS. DELOITTE TOUCHE TOHMATSU**

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 2017 as set out in the preliminary results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary results 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](http://www.hkexnews.hk) and the Company's website at [www.irasia.com/listco/hk/taiunited/index.htm](http://www.irasia.com/listco/hk/taiunited/index.htm). The annual report of the Company for the year ended 31 December 2017 will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 26 March 2018

*As at the date of this announcement, the Board comprises Mr. Chen Weisong, Mr. Xu Ke, Mr. Ye Fei and Mr. Wang Qiang as executive Directors; and Dr. Gao Bin, Ms. Liu Yan and Mr. Tang King Shing as independent non-executive Directors.*