THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Tai United Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A COMPANY HOLDING SHOPPING MALL BUSINESS IN THE PRC

A letter from the Board is set out on pages 5 to 14 of this circular.

The Acquisition has been approved by written approval obtained from a Shareholder holding more than 50% of the issued share capital of the Company pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

30 November 2021

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the acquisition of the Target Group through acquiring the entire issued share capital in the Target Company
"Announcement"	the announcement of the Company dated 27 October 2021 in relation to, among other things, the Acquisition
"Anyang Jiangchuan"	Anyang Jiangchuan Public Facilities Co., Ltd.** 安陽江川公共設施有限公司 (formerly known as Anyang Renhe New World Public Facilities Co., Ltd.** 安陽人和新天地公共設施有限公司), a company established in the PRC which holds the operating rights of the Anyang Shopping Mall
"Anyang Shopping Mall"	the Anyang Diyi Shopping Street in Anyang, the PRC
"Board"	the board of Directors
"Business Day"	a day on which commercial banks in Hong Kong and the PRC are open for transaction of normal banking business
"BVI"	the British Virgin Islands
"Company"	Tai United Holdings Limited (Stock Code: 718), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Acquisition
"Deposit"	a deposit of RMB70,000,000 (equivalent to approximately HK$84,541,063) paid around the date of the Share Purchase Agreement, refundable in accordance with the terms of the Share Purchase Agreement
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Acquisition to include the Target Group
"Group"	the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third party(ies)"	(to the best of the Directors' knowledge, information and belief having made all reasonable enquiries) third party(ies) independent of the Company and its connected persons within the meaning of the Listing Rules
"Latest Practicable Date"	25 November 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2021 or such other date as the parties may agree
"Mr. Dai"	Mr. Dai Yongge, who and whose associates are together the controlling shareholders of China Dili Group, the shares of which are listed on the Main Board of the Stock Exchange with stock code 1387
"PRC"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"Purchaser"	Tai United Properties Company Limited, a company incorporated in the BVI, a wholly-owned subsidiary of the Company
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Accountants" or "Elite Partners"	Elite Partners CPA Limited, the reporting accountants engaged by the Company for the purpose of the Acquisition
"Reporting Period"	the financial years ended 31 December 2018, 2019 and 2020 and the stub period of seven months ended 31 July 2021
"Seller"	Stone Wealth Limited, a company incorporated in the BVI, which is wholly-owned by its ultimate beneficial owner, Mr. Dai

"Seller's Group"	Mr. Dai and companies controlled by him, excluding the Target Group
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Share Purchase Agreement"	the share purchase agreement dated 27 October 2021 for the conditional sale and purchase of the entire issued share capital of the Target Company
"sq.m"	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Willease Limited, a company incorporated in the BVI, which is the indirect sole shareholder of Anyang Jiangchuan
"Target Group"	the Target Company and its wholly-owned subsidiaries, including Anyang Jiangchuan
"%"	per cent

The shareholding of the respective Shareholder in the Company as disclosed in this circular refers to the percentage shareholding of such Shareholder to the total issued share capital of the Company.

In this circular, unless the context otherwise requires, the terms "associate(s)", "connected person(s)", "subsidiary(ies)", "controlling shareholder(s)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

For the purpose of this circular, unless the context otherwise requires, conversion of Hong Kong dollars into Renminbi is based on the approximate exchange rate of HK$1 to RMB0.8280. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

*The English names of the PRC entities marked with "**" are direct transliterations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

Executive Directors:
Mr. Wang Hongfang *(Chairman)*
Mr. Kwong Kai Sing Benny *(Chief Executive Officer)*
Mr. Chen Weisong
Mr. Chow Chi Wah Vincent
Mr. Zheng Yuchun

Non-executive Director
Mr. Xiao Yiqun

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

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
Room 2902, 29th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

30 November 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A COMPANY HOLDING SHOPPING MALL BUSINESS IN THE PRC

A. INTRODUCTION

Reference is made to the announcement of the Company dated 27 October 2021 in relation to, among others, the Acquisition.

On 27 October 2021 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Seller, among others, entered into the Share Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Seller conditionally agreed to sell, the entire issued share capital in the Target Company (the investment holding company of the Anyang Shopping Mall), for a base consideration of RMB370,000,000 (equivalent to approximately HK$446,859,903) (subject to completion adjustment, if any).

After Completion, the Anyang Shopping Mall will be held as investment property by the Enlarged Group and the results of the Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Stock Exchange has determined that the Acquisition does not constitute a reverse takeover of the Company.

The purpose of this circular is to provide you with: (i) further details on the Acquisition; (ii) financial information of the Target Group; (iii) pro-forma financial information of the Enlarged Group; and (iv) property valuation report on the Target Group.

B. THE ACQUISITION

Background

The Anyang Shopping Mall is a two-storey underground mall located in Jiefang Avenue in Anyang city, stretching across the core business district in Beiguan District and Wenfeng District in Anyang. The Target Company indirectly holds the entire equity interest in Anyang Jiangchuan, which in turn holds the operating rights of the Anyang Shopping Mall.

Share Purchase Agreement

Date: 27 October 2021

Parties:
(i) the Purchaser;
(ii) the Seller; and
(iii) Mr. Dai (as guarantor for the Seller's obligations)

Subject matter

100% issued share capital of the Target Company. The Target Company indirectly holds the entire equity interest in Anyang Jiangchuan, which in turn holds the operating rights of the Anyang Shopping Mall.

Consideration

In respect of the Acquisition, the base consideration payable is RMB370,000,000 (equivalent to approximately HK$446,859,903) (subject to completion adjustment, if any, with reference to the audited reassessed net asset value of the Target Group as at 31 July 2021 as confirmed by the Reporting Accountants), of which (i) a refundable Deposit of RMB70,000,000 (equivalent to approximately HK$84,541,063) was paid around the date of the Share Purchase Agreement; and (ii) RMB300,000,000 (equivalent to approximately HK$362,318,840) will be settled at Completion by the Purchaser via bank transfer. The consideration of the Acquisition will be fully settled in cash from the Group's internal resources.

In the event that the conditions precedent are not satisfied nor waived (if waivable by the relevant party) by the Long Stop Date, the Deposit paid will be fully refunded by the Seller within seven Business Days. If the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Acquisition does not complete due to the default on the part of the Purchaser and/or the Company, the Deposit paid will be forfeited by the Seller. On the other hand, if the conditions precedent are satisfied or waived (if waivable by the relevant party) but the Acquisition does not complete due to the default on the part of the Seller, the Deposit paid will be fully refunded by the Seller within seven Business Days.

Completion adjustment

In the event that the audited reassessed net asset value of the Target Group as at 31 July 2021 as confirmed by the Reporting Accountants is less than the unaudited reassessed net asset value of Anyang Jiangchuan as at 31 July 2021 of approximately RMB370,589,000 by 5% or more, the base consideration payable by the Purchaser at Completion will be adjusted by such shortfall, if any, on a dollar-to-dollar basis. There will not be any consideration adjustment if the difference in audited and unaudited reassessed net asset values is less than 5% or if the audited reassessed net asset value is higher than the unaudited reassessed net asset value.

Basis of consideration

The consideration of the Acquisition was arrived at after arm's length negotiations between the parties, taking into account among others, (i) the unaudited reassessed net asset value of Anyang Jiangchuan as at 31 July 2021 of approximately RMB370,589,000 (being the unaudited net asset value adjusted by valuation gain on investment properties with reference to the preliminary property valuation of Anyang Jiangchuan, as appraised by an independent professional valuer, the value of which is subject to final audit by the Reporting Accountants); (ii) the expected enhancement in the level of operations of the Group and the revenue and profits contribution by the Target Group for consolidation into the Group upon Completion; and (iii) the opportunity for the Group to expand its shopping mall businesses in the PRC and the potential synergies with the two shopping malls in

Jinzhou and Guangzhou. Please refer to the section headed "F. Reasons for and Benefits of the Acquisition" in this circular for further details on the potential synergies with the two shopping malls in Jinzhou and Guangzhou.

Conditions Precedent

Completion is conditional on the satisfaction (or waiver, if applicable) of the following conditions precedent on or before the Long Stop Date:

(a) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from governmental or regulatory authorities having been obtained and remaining in effect;

(b) the Company having carried out due diligence to its satisfaction and having obtained a legal opinion from its PRC legal adviser the contents of which being satisfactory to the Company;

(c) the representations and warranties provided by the Seller under the Share Purchase Agreement remaining true, accurate and not misleading as at Completion and as if repeated at all times between the date of the Share Purchase Agreement and Completion;

(d) the representations and warranties provided by the Purchaser under the Share Purchase agreement remaining true, accurate and not misleading as at Completion and as if repeated at all times between the date of the Share Purchase Agreement and Completion; and

(e) the Reporting Accountants having confirmed the value of the audited reassessed net asset value of the Target Group as at 31 July 2021.

If any of the conditions precedent is not fulfilled or waived by the Purchaser or the Company (in respect of conditions (a), (b) and (c)) or by the Seller (in respect of condition (d)) on or before the Long Stop Date (or such later date to be agreed between the parties to the Share Purchase Agreement in writing), the Share Purchase Agreement shall lapse and no party shall have any claim against the other, except for antecedent breaches. For conditions which are waivable, the Purchaser, the Company or the Seller (as the case may be) may waive such conditions where the impact of doing so is immaterial and will not affect the substance of the Acquisition. Condition (e) is not waivable by the parties. As at the Latest Practicable Date, all the conditions precedent have been fulfilled and the Acquisition has been completed.

Completion

As at the Latest Practicable Date, the Acquisition has been completed upon fulfilment of all of the conditions precedent.

Upon Completion, the Target Company (and other members of the Target Group) has become wholly-owned subsidiaries of the Company and the results of the Target Group would be consolidated into the accounts of the Group.

C. INFORMATION OF THE GROUP AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the businesses of property investment, medical equipment trading, mining and exploration of natural resources, financial services and asset management. The Purchaser is an investment holding company.

D. INFORMATION OF THE SELLER

The Seller is an investment holding company incorporated in the BVI, and is wholly-owned by its ultimate beneficial owner, Mr. Dai. Each of Mr. Dai and the Seller are Independent Third Parties.

E. INFORMATION OF THE TARGET GROUP

The Target Group comprises the Target Company and its wholly-owned subsidiaries, including Anyang Jiangchuan, which holds the operating rights of the Anyang Shopping Mall. The Target Company is an investment holding company. Details of the Anyang Shopping Mall are set out below:

Description	**Leasable floor area and sold floor area** *(sq.m.)*	**Gross floor area** *(sq.m.)*	**Nature of shops**
Anyang Diyi Shopping Street (安陽地一購物街)	24,815 and 495	25,310	Retailers and wholesalers of apparels, accessories, household goods and food and beverages

The Anyang Shopping Mall is a two-storey underground mall located in Jiefang Avenue in Anyang city, stretching across the core business district in Beiguan District and Wenfeng District in Anyang. The Anyang Shopping Mall first opened in 2011 and currently has over 110 tenants of leased shop and venue spaces. As at 30 September 2021, the occupancy rate (being the leased areas divided by the leasable floor area) was approximately 68%.

The operating model of the Target Group is the leasing of shop spaces to retailers and wholesalers of apparels, accessories, household goods and food and beverages and other common areas to businesses for marketing and promotional activities, and primarily derives its revenue from rental income and the provision of property management services to tenants of the Anyang Shopping Mall, including mall security, maintenance and repair, management of open areas for pop-up promotional events and the supervision of external contractors. The promotion of the Anyang Shopping Mall and sourcing of tenants are carried out through enquiries and negotiations with brand agencies and prospective tenants, market research through site visits to the surrounding city areas and mainstream media promotion.

Anyang Jiangchuan has entered into individual agreements for the leasing of shop and venue spaces to its tenants and the provision of property management services. Fixed rents are chargeable in general, which are subject to negotiations upon renewal and property management fees per sq.m. of leased or sold floor areas are chargeable under the agreements. Such agreements have a contract term of one to two years in general, upon the expiry of which the majority will be renewed. For the three financial years ended 31 December 2020, the average renewal rate was approximately 80%.

Based on the accountants' report of the Target Group set out in Appendix III, the key financial information of the Target Group for the three financial years ended 31 December 2020 and the seven months ended 31 July 2021 is as follows:

	For the financial year ended 31 December			**For the seven months ended 31 July**
	2018	**2019**	**2020**	**2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Revenue	9,032	9,095	6,725	4,668
Net profit before taxation and excluding changes in fair value of investment properties	1,805	1,071	1,511	1,452
Changes in fair value of investment properties	15,000	17,000	(2,000)	(3,000)
Net profit/(loss) before taxation*(Note)*	16,805	18,071	(489)	(1,548)
Net profit/(loss) after taxation*(Note)*	12,954	14,031	726	(798)

Note: Having reflected the valuation gain/loss on investment properties less deferred tax liability arising from such valuation gain where applicable.

As at 31 July 2021, the audited net asset value of the Target Group was approximately RMB372.6 million, whereas the net current liabilities were RMB50.0 million.

Please refer to sections headed "Financial Information of the Target Group" and "Accountants' Report of the Target Group" set out in Appendix II and Appendix III respectively to this circular for further financial information of the Target Group for the Reporting Period, including the movements in revenue and net profit/loss before taxation for the Reporting Period.

Over the Reporting Period, there had been fluctuations in the Target Group's financial performance, which were mainly under the effects of the COVID-19 pandemic. It is currently expected that the Target Group's financial performance may gradually resume to the pre-pandemic level subject to the gradual economic recovery and the gradual stabilization of the COVID-19 pandemic. Further, the Target Group had net assets of approximately RMB372.6 million as at 31 July 2021 and is holding the property of Anyang Shopping Mall with a valuation of RMB502 million as at 30 September 2021 as set out in the Property Valuation Report on the Target Group in Appendix V to this circular. The Acquisition represents a valuable opportunity for expanding the Group's market share and its shopping malls network and businesses, creating synergies between the Anyang Shopping Mall and the Group's existing shopping malls in Jinzhou and Guangzhou, and thereby enhancing revenue of the Group. Please refer to the section headed "F. Reasons for and Benefits of the Acquisition" in this circular for further details. Taking into account such considerations, the Board considers that the Acquisition is fair and reasonable and in the interests of the Company and its shareholders as a whole.

F. REASONS FOR AND BENEFITS OF THE ACQUISITION

Widening the Group's shopping malls network and expanding its shopping mall businesses

The Group has been undertaking a diversified business strategy. Having completed the acquisitions of two shopping malls in Jinzhou and Guangzhou in April 2021, the Acquisition is in line with the strategic development of the Group and will provide an opportunity for the Group to widen its shopping malls network and expand the geographical coverage and scale of its shopping mall businesses. The Acquisition will create potential synergies with the Group's existing shopping malls in among others, the following aspects, which may in turn fuel the Group's business growth and strengthen the Group's profitability, thereby enhancing the returns to the Shareholders:

- *synergy from geographical expansion*: the 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 Acquisition will allow the Group's shopping mall network to have a strategic presence in central region of the PRC and expand geographically across the above regions in the PRC and potentially grow its market share;

- *synergy from industry knowledge, management expertise and experience*: benefiting from the expertise and experience of the management of the Target Group, it is expected that the management of the Target Group and the Group can exchange valuable market information, business intelligence and management experience, such as relationship and network with tenants and shop owners, shopping mall operation and management strategies and experiences and regulatory compliance, for enhancing the performance of the overall shopping mall businesses of the Group; and

- *synergy from promotion and branding*: given the expansion in the geographical coverage and scale of the shopping mall businesses and network as a result of the Acquisition, 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.

Enhancing revenue of the Group

Anyang Jiangchuan has a proven track record. After Completion, the Anyang Shopping Mall will be held as investment property by the Enlarged Group and the results of the Target Group will be consolidated into the property investment segment of the Enlarged Group. It is expected that the Target Group will provide the Enlarged Group with readily available, secured and stable source of revenue.

G. EXISTING BUSINESSES AND PROSPECTS OF THE ENLARGED GROUP

Property investment: The Enlarged Group's town house at 6 Buckingham Gate, London, the United Kingdom was leased out in July 2021 for a term of three years and the Enlarged Group plans to, subject to market conditions, relaunch for sale the Group's investment properties in Buckingham Gate as part of the refinancing plan of the Enlarged Group's external bank loans. Since completion of the acquisitions of the two shopping malls in Jinzhou and Guangzhou in April 2021, the shopping mall businesses generated revenue comprising rental income, property management and related services and other income.

Commodity trading business: The Enlarged Group ceased its commodity trading business in May 2020 due to the extreme volatility in oil prices since 2019.

Mining and exploitation of natural resources: The Enlarged Group will also not actively pursue any mining of natural resources operations (which did not record any revenue for the six months ended 30 June 2021), in part due to the logistical difficulties and rising mining costs amid the pandemic.

Medical equipment trading: The Enlarged Group will continue its medical equipment trading business in China under the medical equipment trading segment, where demand is expected to moderately increase along with aging population and rising health concerns among population in China, and market competition continues to be keen.

Financial services and asset management: The Enlarged Group will maintain its status quo regarding its securities investments operations as no disposal or addition in investment portfolio is anticipated, and will closely monitor the market with regards to re-entering the financial services and distressed debt assets management markets, if any.

For the trading prospects of the Enlarged Group, please refer to the section headed "D. Trading Prospects of the Enlarged Group" in Appendix I to this circular for details.

H. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The Stock Exchange has determined that the Acquisition does not constitute a reverse takeover of the Company.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Share Purchase Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder, pursuant to Rule 14.44 of the Listing Rules, written approval has been obtained from Songbird SG PTE Ltd. which held 74.99% of the issued share capital of the Company as at the Latest Practicable Date in lieu of a general meeting of the Company for passing the resolution(s) to approve the Share Purchase Agreement and the transactions contemplated thereunder.

I. FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, the Target Group has become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group. Please refer to Appendix IV to this circular for more information on the basis of preparation of the unaudited pro forma statement of assets and liabilities of the Enlarged Group.

Based on the unaudited pro forma statement of assets and liabilities as set out in Appendix IV to this circular, assuming that the Completion had taken place on 30 June 2021, the total assets of the Enlarged Group would have increased from approximately HK$5,182.3 million to approximately HK$5,344.0 million on a pro forma basis, the total liabilities of the Enlarged Group would have increased from approximately HK$3,109.6 million to approximately HK$3,273.1 million on a pro forma basis, and the net assets of the Enlarged Group would have decreased from HK$2,072.6 million to HK$2,070.9 million on a pro forma basis.

As set out in the Accountants' Report on historical financial information of the Target Group in Appendix III to this circular, the net profit after taxation of the Target Group for FY2020 was approximately RMB0.7 million.

Based on the track record of the Target Group, and assuming that Completion had taken place on 1 January 2020, the Group's net loss after taxation for the year ended 31 December 2020 is expected to decrease as a result of the Acquisition by approximately HK$0.9 million.

J. VOTING AT THE BOARD MEETINGS

None of the Directors was in any way materially interested in the Acquisition and accordingly, none of the Directors abstained from voting on the relevant Board resolution(s) in the Board meeting.

K. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the relevant ordinary resolution regarding the Acquisition if the Company were to convene a general meeting for the approval of the Acquisition.

The above statement is for Shareholders' reference only given that the Company has already obtained the written approval from Songbird SG PTE Ltd. for the Acquisition and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Acquisition.

L. FURTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Group, the Target Group, the Enlarged Group and other information required to be disclosed under the Listing Rules.

SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR ANY OTHER SECURITIES OF THE COMPANY.

Yours faithfully,
For and on behalf of the Board of
Tai United Holdings Limited
Wang Hongfang
Chairman

A. SUMMARY OF FINANCIAL RESULTS

Financial information of the Group for each of the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/taiunited/index.htm):

- annual report of the Company for the year ended 31 December 2018 published on 29 April 2019 (pages 69–258) (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn201904292249.pdf)

- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 72–230) (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802616.pdf)

- supplemental announcement in relation to the annual report for the year ended 31 December 2019 published on 13 August 2020 (http://www1.hkexnews.hk/listedco/listconews/sehk/2020/0813/2020081301344.pdf)

- annual report of the Company for the year ended 31 December 2020 published on 23 April 2021 (pages 73–214) (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300491.pdf)

- interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021 (pages 25–60) (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0916/2021091600582.pdf)

B. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2021, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining the information contained in this indebtedness statement, the Enlarged Group had total borrowings amounting to approximately HK$1,878,907,000 and lease liabilities amounting to approximately HK$5,403,000, details of which are as follows:

	As at 30 September 2021
	HK$'000
The Group	
Unsecured bank borrowings(1)(2)	495
Secured bank borrowings(2)(3)(4)	1,878,412
Unsecured lease liabilities(1)	5,403
Total	1,884,310

Notes:

1. Such balances were not covered by any guarantees as at 30 September 2021.

2. Such bank borrowings will mature within one year from 30 September 2021 or repayable on demand.

3. Secured by certain properties located in the United Kingdom held by the Group.

4. Secured by the PRC operating right of a shopping mall and a pledge on equity interest in a subsidiary of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not, as at the close of business on 30 September 2021, have any outstanding loan capital issued, outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchase commitments, guarantees or other material contingent liabilities.

C. WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, in the absence of unforeseen circumstances and after taking into account the completion of the Acquisition, the cash flow generated from the operating activities, the financial resources available to the Enlarged Group including internally generated funds and the available credit facilities, the Enlarged Group will have sufficient working capital for at least the next twelve months from the date of this circular.

D. TRADING PROSPECTS OF THE ENLARGED GROUP

The Group has experienced diminishing revenue and operations across various of its business segments and against pandemic and its impact on economies, the management of the Group considers that a geographically diversified business strategy instead of organic growth is key in remedying the low level of operations of the Group. Upon completion of the Acquisition, the Enlarged Group is expected to benefit from the synergies in integrating the shopping mall businesses of the Target Group with its existing shopping mall businesses in Jinzhou and Guangzhou. The Directors believe that the Acquisitions will provide a steady source of revenue and enhancement of the levels of the operations of the Enlarged Group. The Board believes that the Acquisition presents good opportunities for the Enlarged Group in terms of growth and diversification.

*Upon Completion, Tai United Properties Company Limited (a wholly-owned subsidiary of the Company) has become the sole shareholder of the Target Company and taking up the control and operations of the Anyang Shopping Mall. The following discussions and analyses relate to the results of operations and financial condition of the Target Group as at and for the years ended 31 December 2018, 2019 and 2020 and the seven months ended 31 July 2021 ("**FY2018**", "**FY2019**", "**FY2020**" and "**7M2021**", respectively). You should read the following discussion and analyses in conjunction with the Accountants' Report on the Target Group and the accompanying notes set out in Appendix III to this circular.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TARGET GROUP

Business Review

The Target Group is principally engaged in the leasing and management of the business operations of the Anyang Shopping Mall, a two-storey underground mall located in Jiefang Avenue in Anyang city, stretching across the core business district in Beiguan District and Wenfeng District in Anyang. The Anyang Shopping Mall has a gross floor area of 25,310 sq.m., and currently has over 110 tenants of leased shop and venue spaces.

Results of Operations

Revenue

Revenue of the Target Group comprises (i) rental income from tenants of the shop and venue spaces of the Anyang Shopping Mall which are held as investment properties; and (ii) revenue from property management and relevant services. The following table sets out the breakdown of revenue for the years/periods indicated:

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Rental income	7,812	7,913	5,758	3,038	4,058
Revenue from property management and relevant service	1,220	1,182	967	470	610
	9,032	9,095	6,725	3,508	4,668

Revenue slightly increased by 0.7% from RMB9.0 million in FY2018 to RMB9.1 million in FY2019, and decreased by 26.1% to RMB6.7 million in FY2020. Revenue increased by 33.1% from RMB3.5 million in 7M2020 to RMB4.7 million in 7M2021.

The slight increase in revenue from FY2018 to FY2019 was primarily attributable to the increase in rental income as a result of increases in the occupancy rates and the average rental rates of the Anyang Shopping Mall, partially offset by the slight decrease in the revenue from the provision of property management and relevant services. The decrease in revenue from FY2019 to FY2020 was primarily attributable to the decrease in both the rental income and the revenue from the provision of property management and relevant services, as the occupancy rates decreased and rental concessions and property management fee concessions were provided to the shopping mall tenants in 2020, due to the effects of the COVID-19 pandemic on the retail and shopping industry. The increase in revenue from 7M2020 to 7M2021 was primarily due to the gradual recovery of the retail and shopping industry from the effects of the COVID-19 pandemic with less rental concessions and property management fee concessions being provided since 2021.

Employee benefits expenses

Employee benefits expenses increased by 8.4% from RMB2.3 million in FY2018 to RMB2.5 million in FY2019, and decreased by 5.8% to RMB2.3 million in FY2020. Employee benefits expenses increased by 14.2% from RMB1.3 million in 7M2020 to RMB1.4 million in 7M2021.

The increase in employee benefits expenses from FY2018 to FY2019 was primarily attributable to the upward adjustment of the statutory minimum wage in the PRC in May 2019, while the decrease in employee benefits expenses in FY2020 was mainly due to PRC governmental concessions allowed on the Target Group's contribution to employees' related statutory insurance payments in 2020. The increase in employee benefits expenses from 7M2020 to 7M2021 was mainly because there was no more such concession on the Target Group's contribution to employees' related insurances since 2021.

Other operating expenses

Other operating expenses increased by 12.2% from RMB5.0 million in FY2018 to RMB5.6 million in FY2019, and decreased by 47.4% to RMB2.9 million in FY2020. Other operating expenses increased by 11.6% from RMB1.6 million in 7M2020 to RMB1.8 million in 7M2021.

The increase in other operating expenses from FY2018 to FY2019 was primarily attributable to the renovation and maintenance expenses incurred during FY2019, while the decrease in other operating expenses in FY2020 was mainly due to completion of the renovation and maintenance works in 2019 which attributed a reduction of the relevant expenses. The increase in other operating expenses from 7M2020 to 7M2021 was mainly attributable to the gradual resumption of operation with the gradual stabilization of the COVID-19 pandemic.

Valuation Gain/Losses on Investment Properties

Valuation gains on investment properties for the Target Group for FY2018 and FY2019 was RMB15.0 million and RMB17.0 million, respectively. The Target Group incurred valuation losses on investment properties of RMB2.0 million for FY2020, primarily due to the rental concessions provided to shopping mall tenants in light of the effects of the COVID-19 pandemic during the year. The Target Group incurred further valuation losses on investment properties of RMB3.0 million for 7M2021, primarily due to the rental concessions provided to the shopping mall tenants.

Net asset value

The net asset value of the Target Group as at 31 December 2018, 2019, 2020 and 31 July 2021 was RMB256.0 million, RMB267.7 million, RMB274.8 million and RMB372.6 million, respectively.

The increase in net asset value over the Reporting Period was primarily due to the net profit and total income generated by the Target Group through its business operations over such period and the capitalization of the amount due to the immediate holding company into the capital and reserves of the Target Group.

Profit (Loss) before tax

The Target Group recorded profit before tax of RMB16.8 million and RMB18.1 million for FY2018 and FY2019, and loss before tax of RMB0.5 million and RMB1.5 million for FY2020 and 7M2021, respectively.

In particular, the turnaround from profit before tax for FY2018 and FY2019 to loss before tax for FY2020 was mainly attributable to a decrease in revenue and the valuation losses on investment properties incurred in FY2020, partially offset by other gains recorded and the decrease in other operating expenses in that year. The turnaround from profit before tax of RMB0.7 million for 7M2020 to loss before tax of RMB1.5 million for 7M2021 was mainly attributable to the valuation losses on investment properties incurred in 7M2021, partially offset by an increase in revenue from 7M2020 to 7M2021.

Income Tax

No provisions for profit tax in Hong Kong were made, as the Target Group did not earn any income subject to profit tax in Hong Kong during the Reporting Period. Pursuant to the Enterprise Income Tax Law ("**EIT**") of the PRC, the main operating companies of the Target Group were subject to the PRC EIT at a rate of 25% during the Reporting Period.

Income tax expenses of the Target Group was RMB3.9 million and RMB4.0 million for FY2018 and FY2019, respectively. The Target Group recorded income tax credit of RMB1.2 million and RMB0.8 million for FY2020 and 7M2021, respectively. The income tax expenses (credit) represents the deferred tax arising from the revaluation of investment properties.

Net profit/loss for the year/period

As a result of the foregoing, the Target Group recorded net profits of RMB13.0 million, RMB14.0 million, RMB0.7 million and net loss of RMB0.8 million for FY2018, FY2019, FY2020 and 7M2021, respectively. In particular, the decrease in net profit of the Target Group during FY2020 as compared to FY2019 was primarily due to (i) valuation losses incurred on investment properties in FY2020; and (ii) rental and management fee concessions provided to the shopping mall tenants in 2020, due to the effects of the COVID-19 pandemic on the retail and shopping industry. The decrease in net profit of the Target Group during 7M2021 as compared to 7M2020 was primarily attributable to further valuation losses on investment properties.

Net current liabilities

The current assets of the Target Group comprise of (i) other receivables and prepayments, (ii) amount due from ultimate holding company, and (iii) bank balances and cash, and the current liabilities of the Target Group comprise of (i) accrued liabilities and other payables, (ii) amounts due to fellow subsidiaries of the Seller's Group, (iii) amount due to immediate holding company, and (iv) amount due to ultimate controlling party.

The net current liabilities of the Target Group slightly increased from RMB156.7 million as at 31 December 2018 to RMB157.9 million as at 31 December 2019, primarily due to the decrease in other receivables and prepayments, partially offset by the increase in the bank balances and cash and the amount due from ultimate holding company.

The net current liabilities of the Target Group decreased from RMB157.9 million as at 31 December 2019 to RMB150.1 million as at 31 December 2020, primarily due to the increase in the bank balances and cash and the settlement of the amount due to fellow subsidiaries of the Seller's Group, partially offset by the settlement of the amount due from the ultimate holding company and the increase in both the amount due to the immediate holding company and amount due to ultimate controlling party.

The net current liabilities of the Group further decreased from RMB150.1 million as at 31 December 2020 to RMB50.0 million as at 31 July 2021, primarily due to the capitalization of amount due to the immediate holding company and the settlement of the amount due to the ultimate controlling party, partially offset by a decrease in the bank balances and cash.

Liquidity and Financial Resources

The Target Group financed working capital and capital expenditures principally through cash generated from operations. As at 31 July 2021, cash and cash equivalents of the Target Group amounted to RMB2.3 million.

Cash inflows from operations of the Target Group were primarily generated through the rental and revenue from the provision of property management and relevant service from the operation of the Anyang Shopping Mall business, and cash outflows were primarily due to payment of operating costs and the settlement of the other payables incurred for the Anyang Shopping Mall. Net cash used in operating activities in FY2018 was RMB0.6 million, whereas net cash generated from operating activities was RMB0.3 million in FY2019 and further increased to RMB1.7 million in FY2020. In 7M2021, net cash used in operating activities was RMB0.5 million. The above movement in net cash was mainly due to the changes in the amount of accrued liabilities and other payables over the Reporting Period.

Net cash used from investing activities in FY2018 and FY2019 was RMB27.5 million and RMB13.4 million respectively, which primarily reflected (i) advances to fellow subsidiaries of the Seller's Group in FY2018 and FY2019, and (ii) acquisition of plant and equipment in FY2019. Net cash used in investing activities in FY2020 was RMB0.04 million, which was primarily due to the proceeds from disposal of plant and equipment. In 7M2021, neither net cash used in investing activities or net cash from investing activities was recorded, as there was no advance to fellow subsidiaries of the Seller's Group or acquisition of disposal of plant and equipment during the period.

Net cash from financing activities in FY2018, FY2019, FY2020 and 7M2021 was RMB27.5 million, RMB13.4 million, RMB0.008 million and RMB0.007 million, respectively, which primarily reflected (i) advances from the ultimate controlling party, and (ii) advances from fellow subsidiaries of the Seller's Group in FY2018 and FY2019 which were settled in FY2020.

Gearing Ratio

Gearing ratio is calculated based on the total interest-bearing borrowings of the Target Group over its total equity. As such, the gearing ratio of the Target Group was zero throughout the Reporting Period, as it did not incur any interest-bearing borrowings during the Reporting Period.

Charges on Group Assets

Throughout the Reporting Period, no assets were pledged to secure borrowing facilities for the Target Group.

Significant Investments

As at 31 December 2018, 2019, 2020 and 31 July 2021, the Target Group did not have any material equity investments.

Employees and remuneration

The number of employees of the Target Group as at 31 December 2018, 2019, 2020 and 31 July 2021 was 62, 48, 43 and 47, respectively. The Target Group's employees are remunerated according to their job nature, individual performance, market trends with built-in merit components. The Target Group provides regular training to its employees on their technical, management and hospitality skills. Other benefits include medical and retirement schemes.

Contingent Liabilities

As at 31 July 2021, the Target Group did not have any contingent liabilities.

Commitments

As at 31 July 2021, the Target Group did not have any outstanding commitments.

Acquisitions or dispositions

During the Reporting Period, the Target Group did not carry out any material acquisitions or dispositions of subsidiaries, associates and joint ventures.

Financial Risk Management

For FY2018, FY2019, FY2020 and 7M2021, the Target Group was mainly exposed to interest rate, credit and liquidity risks arising in the normal course of business. For details of the exposure of such risks and the relevant risk management policies and practices adopted by the Target Group, please refer to Note 27(b) of the Accountant's Report on the Target Group as set out in Appendix III to this circular.

As the operations of the Target Group were principally based in the PRC for FY2018, FY2019, FY2020 and 7M2021, the principal assets and liabilities of the Target Group were denominated in Renminbi and therefore the Target Group considered that it did not have any material exposure to fluctuations in exchange rate and no hedging measures were taken.

The following is the text of a report set out on pages III-1 to III-40, received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF WILLEASE LIMITED

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE DIRECTORS OF TAI UNITED HOLDINGS LIMITED

Introduction

We report on the historical financial information of Willease Limited ("**Willease**") and its subsidiaries (together, the "**Target Group**") set out on pages III-5 to III-40, which comprises the consolidated statements of financial position of the Target Group at 31 December 2018, 2019 and 2020, and 31 July 2021 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the three years ended 31 December 2020 and the seven months ended 31 July 2021 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages III-5 to III-40 forms an integral part of this report, which has been prepared for inclusion in the circular of Tai United Holdings Limited (the "**Company**") dated 30 November 2021 (the "**Circular**") in connection with the major transaction of acquisition of the entire issued share capital of a company holding shopping mall business in the People's Republic of China by the Company.

Directors' responsibility for the Historical Financial Information

The sole director of Willease is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the sole director of Willease determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director of Willease, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position at 31 December 2018, 2019 and 2020 and 31 July 2021 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Material uncertainty related to going concern

We draw attention to Note 2 to the Historical Financial Information, which indicates that as of 31 July 2021, the Target Group's current liabilities exceeded its current assets by approximately RMB49,982,000. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the seven months ended 31 July 2021 and other explanatory information (the "**Interim Comparative Financial Information**"). The sole director of Willease is responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity " issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on Matters under the rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by the Target Group in respect of the Relevant Periods.

Elite Partners CPA Limited
Certified Public Accountants
Leung Man Kin
Practicing Certificate Number: P07174
Hong Kong, 30 November 2021

10th Floor
8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and were audited by Elite Partners CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Seven months ended 31 July	
	Notes	**2018**	**2019**	**2020**	**2020**	**2021**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	6	9,032	9,095	6,725	3,508	4,668
Bank interest income		2	2	1	1	1
Other gains and losses	8	–	–	32	–	–
Employee benefits expenses		(2,273)	(2,465)	(2,321)	(1,264)	(1,443)
Other operating expenses		(4,956)	(5,561)	(2,926)	(1,589)	(1,774)
Changes in fair value of investment properties		15,000	17,000	(2,000)	–	(3,000)
Profit (loss) before tax		16,805	18,071	(489)	656	(1,548)
Income tax (expense) credit	9	(3,851)	(4,040)	1,215	–	750
Profit (loss) for the year/period	10	12,954	14,031	726	656	(798)
Other comprehensive income (expense):						
Items that will not reclassified subsequently to profit or loss						
Exchange differences arising on translation		(4,719)	(2,294)	6,343	(641)	1,223
Other comprehensive income (expense) for the year/period		(4,719)	(2,294)	6,343	(641)	1,223
Total comprehensive income for the year/period		8,235	11,737	7,069	15	425

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2018	2019	2020	As at 31 July 2021
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Plant and equipment	15	85	94	75	72
Investment property	16	490,000	507,000	505,000	502,000
		490,085	507,094	505,075	502,072
Current assets					
Other receivables and prepayments	18	4,322	3,417	3,436	3,559
Amount due from ultimate holding company	19	598,319	611,689	–	–
Bank balances and cash	20	788	1,064	2,780	2,337
		603,429	616,170	6,216	5,896
Current liabilities					
Accrued liabilities and other payables	21	59,162	57,463	57,660	55,878
Amounts due to fellow subsidiaries	22	700,951	716,615	–	–
Amount due to immediate holding company	22	–	–	98,584	–
Amount due to ultimate controlling party	22	17	25	32	–
		760,130	774,103	156,276	55,878
Net current liabilities		(156,701)	(157,933)	(150,060)	(49,982)
Total assets less current liabilities		333,384	349,161	355,015	452,090
Non-current liabilities					
Deferred tax liabilities	17	77,415	81,455	80,240	79,490
Net assets		255,969	267,706	274,775	372,600
Capital and reserves					
Share capital	23	–	–	–	–
Reserves		255,969	267,706	274,775	372,600
Total equity		255,969	267,706	274,775	372,600

STATEMENTS OF FINANCIAL POSITION OF WILLEASE

	Notes	As at 31 December 2018 *RMB'000*	As at 31 December 2019 *RMB'000*	As at 31 December 2020 *RMB'000*	As at 31 July 2021 *RMB'000*
Non-current assets					
Investment in a subsidiary	30	–	–	–	–
Current assets					
Amount due from a subsidiary		–	–	–	117,083
Current liabilities					
Amount due to ultimate holding company	22	50	50	50	–
Amount due to ultimate controlling party	22	12	18	28	–
		62	68	78	–
Net current (liabilities) assets		(62)	(68)	(78)	117,083
Total assets less current liabilities		(62)	(68)	(78)	117,083
Net (liabilities) assets		(62)	(68)	(78)	117,083
Capital and reserves					
Share capital	23	–	–	–	–
Reserves		(62)	(68)	(78)	117,083
Total equity		(62)	(68)	(78)	117,083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital* *RMB'000*	Translation reserves *RMB'000*	Other capital contribution reserve *RMB'000* *(Note)*	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2018	–	3,423	–	244,311	247,734
Profit for the year	–	–	–	12,954	12,954
Exchange differences arising on translation	–	(4,719)	–	–	(4,719)
Other comprehensive expense for the year	–	(4,719)	–	–	(4,719)
Total comprehensive income for the year	–	(4,719)	–	12,954	8,235
At 31 December 2018	–	(1,296)	–	257,265	255,969
Profit for the year	–	–	–	14,031	14,031
Exchange differences arising on translation	–	(2,294)	–	–	(2,294)
Other comprehensive expense for the year	–	(2,294)	–	–	(2,294)
Total comprehensive income for the year	–	(2,294)	–	14,031	11,737
At 31 December 2019	–	(3,590)	–	271,296	267,706
Profit for the year	–	–	–	726	726
Exchange differences arising on translation	–	6,343	–	–	6,343
Other comprehensive income for the year	–	6,343	–	–	6,343
Total comprehensive income for the year	–	6,343	–	726	7,069
At 31 December 2020	–	2,753	–	272,022	274,775
Loss for the period	–	–	–	(798)	(798)
Exchange differences arising on translation	–	1,223	–	–	1,223

* The amount is less than RMB1,000 throughout the Relevant Periods.

	Share capital* *RMB'000*	Translation reserves *RMB'000*	Other capital contribution reserve *RMB'000* *(Note)*	Retained earnings *RMB'000*	Total *RMB'000*
Other comprehensive income for the period	–	1,223	–	–	1,223
Total comprehensive income for the period	–	1,223	–	(798)	425
Capitalisation of amount due to the immediate holding company	–	–	97,400	–	97,400
At 31 July 2021	–	3,976	97,400	271,224	372,600
At 1 January 2020 (audited)	–	(3,590)	–	271,296	267,706
Profit for the period	–	–	–	656	656
Exchange differences arising on translation	–	(641)	–	–	(641)
Other comprehensive expense for the period	–	(641)	–	–	(641)
Total comprehensive income for the period	–	(641)	–	656	15
At 31 July 2020 (unaudited)	–	(4,231)	–	271,952	267,721

Note: The other capital contribution reserve represents the capitalisation of the amount due to the immediate holding company.

* The amount is less than RMB1,000 throughout the Relevant Periods.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
OPERATING ACTIVITIES					
Profit (Loss) before tax	16,805	18,071	(489)	656	(1,548)
Adjustments for:					
Changes in fair value of investment properties	(15,000)	(17,000)	2,000	–	3,000
Depreciation of plant and equipment	6	8	7	3	3
Gain on disposal of plant and equipment	–	–	(32)	–	–
Interest income	(2)	(2)	(1)	(1)	(1)
Operating cash flows before movements in working capital	1,809	1,077	1,485	658	1,454
(Increase)decrease in other receivables and prepayments	(538)	905	(19)	(65)	(123)
(Decrease)increase in accrued liabilities and other payables	(1,922)	(1,699)	197	210	(1,782)
Cash (used in) generated from operations	(651)	283	1,663	803	(451)
Interest received	2	2	1	1	1
Net cash (used in) from operating activities	(649)	285	1,664	804	(450)

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
INVESTING ACTIVITIES					
Advances to fellow subsidiaries	(27,512)	(13,370)	–	(3,781)	–
Acquisition of plant and equipment	–	(17)	–	–	–
Proceeds from disposal of plant and equipment	–	–	44	–	–
Net cash (used in) from investing activities	(27,512)	(13,387)	44	(3,781)	–
FINANCING ACTIVITIES					
Advance from the ultimate controlling party	1	8	8	8	7
Advances from fellow subsidiaries	27,512	13,370	–	3,780	–
Net cash from financing activities	27,513	13,378	8	3,788	7
Net (decrease) increase in cash and cash equivalents	(648)	276	1,716	811	(443)
Cash and cash equivalents at 1 January	1,436	788	1,064	1,064	2,780
Cash and cash equivalents at 31 December/31 July, represented by bank balances and cash	788	1,064	2,780	1,875	2,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Willease Limited ("**Willease**") was incorporated in the British Virgin Islands (the "**BVI**") on 2 January 2009. The address of the Willease's registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Stone Wealth Limited is the immediate holding company of Willease. In the opinion of the sole director of Willease, the ultimate holding company of Willease is Apex Assure Limited, a company incorporated in the BVI with limited liability, and Mr. Dai Yongge, who is the sole director of Willease, is the ultimate controlling party of Willease.

Willease is an investment holding company. The principal activity of the Willease's principal subsidiary is the development, lease and management of underground shopping mall in the People's Republic of China (the "**PRC**").

No statutory financial statements of Willease have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

The Historical Financial Information is presented in RMB, which is the functional currency of the subsidiary carrying on the principal activities of the Target Group. Willease and its functional currency is Hong Kong dollar ("**HKD**"). Since principal operations are conducted in the PRC, the Target Group has adopted RMB as its presentation currency.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information for the Relevant Periods has been prepared in accordance with the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA.

Going Concern Basis

As of 31 July 2021, the Target Group's current liabilities exceeded its current assets by approximately RMB49,982,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Therefore, the Target Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate controlling party of Willease, at a level sufficient to finance the working capital requirements of the Target Group. The ultimate controlling party has agreed to provide adequate funds for the Target Group to meet its liabilities as they fall due. The sole director of Willease is therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Group be unable to continue as a going concern, adjustments would have to be made to the Historical Financial Information to adjust the value of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Historical Financial Information.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with HKFRSs, which are effective for the accounting period beginning on 1 January 2021 throughout the Relevant Periods, including HKFRS 9 *Financial Instruments*, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 16 *Leases*.

Application of HKFRS 9, HKFRS 15 and HKFRS 16

HKFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities, and introduces new rules of hedge accounting and a new impairment model for financial assets. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 'Revenue' and HKAS 11 'Construction Contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 "Leases" and related interpretations. Under HKAS 17, operating lease commitments are disclosed separately in a note to the Historical Financial Information and are recognised outside of the consolidated statement of financial position. Under HKFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of an asset (being the right-of-use assets) and a financial liability (being the lease liabilities). The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

New and amendments to HKFRSs in issue but not yet effective:

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

The sole director of Willease anticipates that the application of all the above new and amendments to HKFRSs will have no material impact on the Target Group's consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information have been prepared on the historical cost basis except for the investment properties which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Willease and entities controlled by Willease and its subsidiaries. Control is achieved when the Willease:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Revenue from contracts with customers

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Target Group presents right-of-use assets that do not meet the definition of properties under development, completed properties held for sale and investment properties as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of properties under development, completed properties held for sale and investment properties are presented within "properties under development", "completed properties held for sale" and "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

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

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

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

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment; or
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Target Group as a lessor

Classification and measurement of leases

Leases for which the Target Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Target Group's ordinary course of business are presented as revenue.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments.

Lease modification

Changes in consideration of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Target Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Target Group's operations are translated into the presentation currency of the Target Group (i.e. Renminbi) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Target Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of Willease are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Target Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Target Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for each of the financial year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee benefits

Retirement benefit costs and termination benefits

The Target Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Target Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Plant and equipment

Plant and equipment, including properties held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statements of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 and subleased by the Target Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of plant and equipment and right-of-use assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Target Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Target Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Target Group has a present obligation as a result of a past event, and it is probable that the Target Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Target Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for accounts receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset, the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Target Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including accounts receivable (including lease receivables), other receivables, bank balances and amount due from ultimate holding company) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Target Group always recognises lifetime ECL for accounts receivable. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by the Willease are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including borrowings and other payables are subsequently measured at amortised cost, using the effective interest method.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Target Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial liabilities

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 4, the sole director of Willease is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgements, apart from those involving estimations (see below), that the sole director of Willease has made in the process of applying the Target Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred taxation on investment properties

The Target Group recognises deferred tax in respect of the changes in fair value of the investment properties based on directors' best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the Historical Financial Information should the investment properties are subsequently disposed of by the Target Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed of, the Target Group may be liable to higher tax upon disposal considering the impact of land appreciation tax.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of investment properties

As at 31 December 2018, 2019, 2020 and 31 July 2021, the Target Group's investment properties are stated at fair value of approximately RMB490,000,000, RMB507,000,000, RMB505,000,000 and RMB502,000,000 respectively based on the valuations performed by independent qualified professional valuers. In determining the fair values, the valuers have made reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

In relying on the valuations, the management of Target Group has exercised their judgments and is satisfied that the valuation technique used is reflective of the current market conditions. Details of the investment properties are disclosed in Note 16.

6. REVENUE

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Leases	7,812	7,913	5,758	3,038	4,058
Revenue from contracts with customers:					
Revenue from property management and relevant service	1,220	1,182	967	470	610
	9,032	9,095	6,725	3,508	4,668
Timing of revenue recognition					
Overtime	1,220	1,182	967	470	610

For property management services and the relevant services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. They are rendered in short period of time and there is no unsatisfied performance obligation at the end of respective periods.

	2018	2019	2020	2020	2021
Leases					
Lease payment that are fixed	7,812	7,887	5,740	3,029	4,048
Variable lease payment that do not depend on an index or a rate	–	26	18	9	10
Total revenue arising from leases	7,812	7,913	5,758	3,038	4,058

7. SEGMENT REPORTING

Information reported to the Target Group's senior executive management, being the chief operating decision maker, for the purposes of resource allocation and assessment focuses on revenue analysis by products and services delivered or provided. The Target Group's operating segment is property investment. No other discrete financial information is provided other than the Target Group's results and financial position as a whole. Accordingly, only entity-wide disclosures and major customers are presented.

The Target Group's operation is located in the PRC, therefore no geographical segment reporting is presented.

Information about major customers

For the years ended 31 December 2018, 2019, 2020 and the seven months ended 31 July 2020 and 2021, revenue from customer contributes 10% or more of the total revenue of the Target Group are as follows.

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Customer A	838	838	698	384	515

8. OTHER GAINS AND LOSSES

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Gain on disposal of plant and equipment	–	–	32	–	–
	–	–	32	–	–

9. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Deferred tax	3,851	4,040	(1,215)	–	(750)

No provision for Hong Kong Profits Tax was made as the Target Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Periods.

Pursuant to the Enterprise Income Tax ("**EIT**") Law of the PRC, the Target Group's PRC subsidiaries were subject to EIT at a rate of 25% during the Relevant Periods. No provision for EIT has been made as the Target Group did not have any assessable profit subject to EIT during the Relevant Periods.

The income tax expense (credit) for the Relevant Periods can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit (loss) before tax	16,805	18,071	(489)	656	(1,548)
Tax at the applicable PRC EIT rate of 25%	4,202	4,517	(123)	165	(388)
Tax effect of expenses not deductible for tax purposes	4	6	9	2	2
Tax effect of income not taxable for tax purposes	(355)	(483)	(1,101)	(167)	(364)
Income tax expense (credit) for the year/period	3,851	4,040	(1,215)	–	(750)

10. PROFIT (LOSS) FOR THE YEAR/PERIOD

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit (loss) for the year/period has been arrived at after charging (crediting):					
Directors' emoluments *(Note 11)*	–	–	–	–	–
Other staff costs:					
– Salaries, allowances and benefits in kind	2,085	2,183	2,184	1,182	1,214
– Retirement benefit scheme contributions	188	282	137	82	229
Total staff costs	2,273	2,465	2,321	1,264	1,443
Depreciation of plant and equipment	6	8	7	3	3
Gross rental income from investment properties less direct operating expenses	7,812	7,913	5,759	3,039	4,059

11. DIRECTOR'S REMUNERATION

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Mr. Dai Yongge					
Fees	–	–	–	–	–
Other emoluments					
Salaries, allowances and benefits in kind	–	–	–	–	–
Retirement benefit scheme contributions	–	–	–	–	–
	–	–	–	–	–

The director's emoluments shown above was for his services in connection with the management of the affairs of the Target Group.

12. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Target Group during the Relevant Periods included 5 individuals for the years ended 31 December 2018, 2019 and 2020, and for the seven months ended 31 July 2020 (unaudited) and 2021 are as follows:

	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Salaries, allowances and benefits in kind	574	632	611	312	393
Retirement benefit scheme contributions	77	91	40	23	60
Total	651	723	651	335	453

The number of the five highest paid employees whose remuneration fell within the following band is as follows:

	No. of employees				
	Year ended 31 December			Seven months ended 31 July	
	2018	2019	2020	2020	2021
	(audited)	(audited)	(audited)	(unaudited)	(audited)
nil to HK$1,000,000	5	5	5	5	5

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of Willease during the Relevant Periods.

14. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful.

15. PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*	Furniture fixtures and equipment *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2018	491	751	1,242
Addition	–	–	–
At 31 December 2018	491	751	1,242
Addition	–	17	17
At 31 December 2019	491	768	1,259
Disposal	(240)	–	(240)
At 31 December 2020	251	768	1,019
Addition	–	–	–
At 31 July 2021	251	768	1,019
Accumulated depreciation			
At 1 January 2018	467	684	1,151
Provided for the year	–	6	6
At 31 December 2018	467	690	1,157
Provided for the year	–	8	8
At 31 December 2019	467	698	1,165
Provided for the year	–	7	7
Eliminated on disposal	(228)	–	(228)
At 31 December 2020	239	705	944
Provided for the period	–	3	3
At 31 July 2021	239	708	947
Carrying values			
At 31 July 2021	12	60	72
At 31 December 2020	12	63	75
At 31 December 2019	24	70	94
At 31 December 2018	24	61	85

The above items of plant and equipment are depreciated, after taking into account of their estimated residual values of 5%, on a straight-line method, at the following rates per annum:

Motor vehicles	20%
Furniture, fixtures and office equipment	20%

16. INVESTMENT PROPERTIES

During the Relevant Periods, the Target Group leases out various shops and venue spaces under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 2 years. The leases are either with only fixed lease payment or contain variable lease payment that are based on 50% of sales and minimum annual lease payment that are fixed over the lease term.

The Target Group is not exposed to foreign currency risk as a result of the lease arrangements as all leases are denominated in RMB, which is the functional currency of the subsidiary in PRC. The lease contracts do not contain residual value guarantee or lessee's option to purchase the property at the end of lease term.

	Investment properties *RMB'000*
Fair value	
At 1 January 2018	475,000
Changes in fair value recognised in profit or loss	15,000
At 31 December 2018	490,000
Changes in fair value recognised in profit or loss	17,000
At 31 December 2019	507,000
Changes in fair value recognised in profit or loss	(2,000)
At 31 December 2020	505,000
Changes in fair value recognised in profit or loss	(3,000)
At 31 July 2021	502,000

The fair value of investment properties as at 31 December 2018, 2019 and 2020 and 31 July 2021 has been arrived at on the basis of a valuation carried out on the respective dates by Norton Appraisals Limited, an independent qualified professional valuer not connected to the Target Group.

In determining the fair value of the investment properties, the Target Group engages the independent qualified professional valuer to perform the valuation. The management of the Target Group works closely with them to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair value of the investment properties to the sole director of the Target Group.

There has been no change from the valuation technique used during the years ended 31 December 2018, 2019, 2020 and 31 July 2021. In estimating the fair values of the investment properties for disclosure purpose, the highest and the best use of the investment properties is their current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The following table presents the fair value of investment properties measured at the end of each reporting period on a recurring basis, categorised into the level 3 fair value hierarchy as defined in HKFRS 13. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Investment properties	**Valuation technique**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Shopping Mall in the PRC	Income capitalization approach	Capitalisation rate, taking into account the capitalization of rental, income potential, nature of property, and prevailing market condition, of 4.25%, 4.25%, 4.50%, 4.50% as at 31 December 2018, 2019, 2020 and 31 July 2021 respectively.	The higher the capitalization rate, the lower the fair value.
		Monthly market rent, taking into account the differences in location, and individual factor, such as frontage and size, between the comparables and the property.	A significant increase in the market rent used result in significant increase in fair value, and vice versa.

Capitalisation rate is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. Market rent per square foot is the market rent taking into account the direct comparable market transactions to the related properties.

In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use.

There were no transfers into or out of Level 3 during Relevant Periods.

17. DEFERRED TAXATION

For the presentation purposes of the consolidated statements of financial position, certain deferred taxation assets (liabilities) have been offset. The following is an analysis of the deferred taxation balances for financial reporting purposes:

	As at 31 December			**As at 31 July**
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	6,029	6,239	6,954	6,954
Deferred tax liabilities	(83,444)	(87,694)	(87,194)	(86,444)
	(77,415)	(81,455)	(80,240)	(79,490)

The components of deferred tax assets (liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Tax losses	Revaluation of investment properties	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	6,130	(79,694)	(73,564)
Charged to profit or loss	(101)	(3,750)	(3,851)
At 31 December 2018	6,029	(83,444)	(77,415)
Credited (Charged) to profit or loss	210	(4,250)	(4,040)
At 31 December 2019	6,239	(87,694)	(81,455)
Credited to profit or loss	715	500	1,215
At 31 December 2020	6,954	(87,194)	(80,240)
Credited to profit or loss	–	750	750
At 31 July 2021	6,954	(86,444)	(79,490)

As at 31 December 2018, 2019, 2020 and 31 July 2021, the Target Group has estimated unused tax losses of approximately RMB24,118,000, RMB24,956,000, RMB27,815,000 and RMB27,815,000 available to offset against future profits respectively. The tax losses as at 31 December 2018, 2019, 2020 and 31 July 2021 will expire from 2019 to 2026.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Target Group's subsidiary in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiary in the PRC as at 31 December 2018, 2019, 2020 and 31 July 2021 respectively, as the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

18. OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 31 July
	2018	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables*	933	486	437	540
Other tax prepayments *(Note)*	3,389	2,931	2,999	3,019
	4,322	3,417	3,436	3,559

Note: Other tax prepayments mainly represent prepayment of value-added tax and business tax.

* Other receivables includes receivable with fellow subsidiaries, approximately amounting to RMB2,161,000, RMB350,000, RMB350,000 and RMB350,000 as at 31 December 2018, 2019, 2020 and 31 July 2021 respectively, which are unsecured, interest-free and repayable on demand.

Details of impairment assessment of other receivables are set out in Note 27.

19. AMOUNT DUE FROM ULTIMATE HOLDING COMPANY

The amount is unsecured, interest free and repayable on demand.

20. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.3% to 1.5% during the Relevant Periods.

The bank balances, including time deposits with original maturities less than 3 months, carry interest at prevailing market rates per annum.

During the Relevant Periods, the Target Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

21. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 31 December			As at 31 July
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction payables*	53,807	55,759	54,429	54,175
Receipt in advance	1,326	946	916	917
Other payables	25	12	1,440	59
Deposits received from customers	4,004	746	875	727
	59,162	57,463	57,660	55,878

* The amount includes payable with fellow subsidiaries, approximately amounting to RMB33,616,000, RMB39,955,000, RMB35,955,000 and RMB34,609,000 as at 31 December 2018, 2019, 2020 and 31 July 2021 respectively, which are unsecured, interest-free and repayable on demand.

22. AMOUNTS DUE TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/ULTIMATE HOLDING COMPANY/ULTIMATE CONTROLLING PARTY

The amounts are unsecured, interest free and repayable on demand.

23. SHARE CAPITAL

	As at 31 December			As at 31 July
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Authorised:				
50,000 ordinary shares at United States Dollar ("**US$**") 1 each	341	341	341	341
Issued and fully paid:				
1 ordinary share at US$1 each*	–	–	–	–

* The amount is less than RMB1,000 throughout the Relevant Periods.

24. OPERATING LEASES

The Target Group as lessor

	Year ended 31 December			Seven months ended 31 July	
	2018	**2019**	**2020**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Property rental income, net of negligible outgoings under operating leases during the years/periods	7,812	7,913	5,759	3,039	4,059

At the end of each reporting period, the Target Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 31 July
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	4,737	4,667	7,040	2,231
In the second to fifth year inclusive	2,898	1,714	1,908	370
	7,635	6,381	8,948	2,601

Property rental income represents rentals receivable by the Target Group. Leases are negotiated for a term ranging from 1 to 2 years with fixed rentals or contain variable leases that base on 50% of sales and minimum annual lease payment.

25. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of the sole director of the Target Company, being the key management personnel, are set out in Note 11.

26. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders, to support the Target Group's stability and growth, and to strengthen the Target Group's financial management capability.

The capital structure of the Target Group consists of net debts, net of bank balances and cash and equity attributable to owner of Willease, comprising issued share capital and other reserves.

The sole director of the Target Group actively and regularly reviews its capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payables to shareholders, issue new shares or raise and repay debts. The Target Group's capital management objectives, policies or processes were unchanged during the Relevant Periods.

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 31 July
	2018	**2019**	**2020**	**2021**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Amortised cost	600,040	613,239	3,217	2,877
Financial liabilities				
Amortised cost	758,804	773,157	155,360	54,961

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include other receivables, amount due from ultimate holding company, bank balances and cash, other payables, amounts due to fellow subsidiaries/immediate holding company/ultimate controlling party. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The sole directors of Willease manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances as disclosed in Note 20.

The Target Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

No sensitivity analysis presented for Target Group's exposure to variable-rate bank balances as the management considers that the exposure to these risks for bank balances are insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposures are primarily attributable to other receivables, bank balances and amount due from ultimate holding company. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Target Group performed impairment assessment for financial assets under ECL model. Information about the Target Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Other receivables

For other receivables, the Target Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Target Group also actively monitors the outstanding amounts owed by each debtor and uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

Amount due from ultimate holding company

In determining the ECL for amount due from ultimate holding company, the Target Group considers the probability of default is negligible as ultimate holding company has the financial capacity to meet its contractual cash flow obligations in the near term, and conduced that the credit risk is insignificant. Accordingly, no loss allowance was made in the financial statements.

Bank balances

Bank balances are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions, therefore the Target Group's credit risk on liquid funds is limited.

Liquidity risk

Liquidity risk is the risk that the Target Group will not be able to meet its financial obligations as they fall due. The Target Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

Ultimate responsibility for liquidity risk management rests with the sole director of Willease, which has established an appropriate liquidity risk management framework for the Target Group's short-, medium- and long- term funding and liquidity management requirements. The Target Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The remaining contractual maturities at as at 31 December 2018, 2019, 2020 and 31 July 2021 of the Target Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date that the Target Group can be required to pay, are within one year or on demand.

28. RETIREMENT BENEFIT SCHEMES

The Target Group has retirement plans covering a substantial portion of its employees. The principal plans are defined contribution plans.

The Target Group's subsidiary in the PRC, in compliance with the applicable regulations of respective jurisdictions, participated in various pension schemes operated by the relevant municipal and provincial governments. This subsidiary is required to make defined contributions to these schemes at a fixed percentage of their covered payroll. The Target Group has no other obligations for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

The total contributions in respect of the year ended 31 December 2018, 2019, 2020 and the seven months ended 31 July 2020 and 2021 charged to consolidated statement of profit or loss and other comprehensive income amount approximately to RMB188,000, RMB282,000, RMB137,000, RMB82,000 and RMB229,000 respectively.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Target Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated statement of cash flows from financing activities:

	Amounts due to fellow subsidiaries	**Amount due to immediate holding company**	**Amount due to ultimate controlling party**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2018	668,720	–	16
Financing cash flows	27,512	–	1
Non-cash transactions			
Foreign exchange translation	4,719	–	–
At 31 December 2018	700,951	–	17
Financing cash flows	13,370	–	8
Non-cash transactions			
Foreign exchange translation	2,294	–	–
At 31 December 2019	716,615	–	25
Financing cash flows	–	–	8
Non-cash transactions			
Offset to amounts due from fellow subsidiaries	(611,689)	–	–
Transfer	(98,584)	98,584	–
Foreign exchange translation	(6,342)	–	(1)
At 31 December 2020	–	98,584	32
Financing cash flows	–	–	7
Non-cash transactions			
Capitalisation to equity	–	(98,584)	(39)
At 31 July 2021	–	–	–
At 1 January 2020	716,615	–	25
Financing cash flows	3,735	–	8
Non-cash transactions			
Foreign exchange translation	641	–	–
At 31 July 2020 (unaudited)	720,991	–	33

30. INTERESTS IN SUBSIDIARIES

Details of Willease's subsidiaries as at 31 December 2018, 2019, 2020 and 31 July 2021 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered and paid-up capital	Effective equity interest attributable to Willease				Principal activities
			As at 31 December			As at 31 July	
			2018	2019	2020	2021	
Asian Leader Investments Limited	Hong Kong	Hong Kong Dollar (HKD) 1	100%	100%	100%	100%	Investment holding
Anyan Jiangchuan Public Facilities Co., Ltd.* 安陽江川公共設施有限公司 (formerly known as: Anyang Renhe New World Public Facilities Co., Ltd.* 安陽人和新天地公共設施有限公司)	The PRC	USD15,000,000	100%	100%	100%	100%	Development, lease and management of underground shopping mall

* *Established as a wholly foreign owned enterprise in the PRC. The English name is for identification purpose only.*

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group, Willease or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2021.

The following is the text of a report set out on pages IV-1 to IV-7, received from Elite Partners CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE DIRECTORS OF TAI UNITED HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tai United Holdings Limited (the "**Company**") and its subsidiaries, (collectively referred to as the "**Group**") including Willease Limited and its subsidiaries (the "**Target Group**") (together with the Target Group hereinafter referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2021 and related notes as set out on pages IV-4 to IV-7 of appendix IV of the circular issued by the Company dated 30 November 2021 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-4 to IV-7 of appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of acquisition of the entire issued share capital of a company holding shopping mall businesses in the People's Republic of China ("**PRC**") (the "**Acquisition**") on the Group's consolidated financial position as at 30 June 2021 as if the Acquisition had taken place at 30 June 2021. As part of this process, information about the Group's consolidated assets and liabilities has been extracted by the Directors from Group's unaudited condensed consolidated financial statement as included in the Group's interim report for the six months ended 30 June 2021, on which no audit or review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma financial information included in circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Elite Partner CPA Limited
Certified Public Accountants
Leung Man Kin
Practicing Certificate Number: P07174
Hong Kong, 30 November 2021

10th Floor
8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") set out below has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and is solely for the purpose to illustrate the effect of the acquisition of the entire issued share capital of Willease Limited (the "**Target Company**") and its subsidiaries (collectively refer as the "**Target Group**") (the " **Acquisition**") on the Group's assets and liabilities as at 30 June 2021 as if the Acquisition had been completed on 30 June 2021.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2021 which has been extracted from the published interim report of the Company for the six month ended 30 June 2021; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 July 2021 which have been extracted from the accountants' report thereon set out in Appendix III to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been completed as at 30 June 2021.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition been completed as at 30 June 2021. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this circular, and that of the Target Group, as set out in Appendix II and Appendix III to this circular, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group	The Target Group		Pro forma adjustments		The Enlarged Group
	HK$'000	*RMB'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Property, plant and equipment	1,507	72	87	–	–	**1,594**
Right-of-use assets	6,171	–	–	–	–	**6,171**
Investment properties	3,988,718	502,000	606,280	–	–	**4,594,998**
Intangible assets	99,172	–	–	–	–	**99,172**
Mining rights	39,203	–	–	–	–	**39,203**
Financial assets at fair value through profit or loss	616	–	–	–	–	**616**
Deposit for acquisition of subsidiaries and other non-current deposits	1,009	–	–	–	–	**1,009**
Other non-current assets	6,000	–	–	–	–	**6,000**
	4,142,396	502,072	606,367	–	–	**4,748,763**
Current assets						
Inventories	1,534	–	–	–	–	**1,534**
Financial assets at fair value through profit or loss	8,607	–	–	–	–	**8,607**
Accounts receivable	7,023	–	–	–	–	**7,023**
Other receivables, deposits and prepayments	276,584	3,559	4,298	–	–	**280,882**
Bank balances and cash	746,119	2,337	2,822	(446,859)	(4,865)	**297,217**
	1,039,867	5,896	7,120	(446,859)	(4,865)	**595,263**
Current liabilities						
Accrued liabilities and other payables	578,076	55,878	67,486	–	–	**645,562**
Borrowings	1,882,889	–	–	–	–	**1,882,889**
Lease liabilities	4,166	–	–	–	–	**4,166**
Tax payables	136,386	–	–	–	–	**136,386**
	2,601,517	55,878	67,486	–	–	**2,669,003**
Net current liabilities	(1,561,650)	(49,982)	(60,366)	(446,859)	(4,865)	**(2,073,740)**
Total assets less current liabilities	2,580,746	452,090	546,001	(446,859)	(4,865)	**(2,675,023)**
Non-current liabilities						
Deferred tax liabilities	505,865	79,490	96,002	–	–	**601,867**
Lease liabilities	2,262	–	–	–	–	**2,262**
	508,127	79,490	96,002	–	–	**604,129**
Net Assets	2,072,619	372,600	449,999	(446,859)	(4,865)	**2,070,894**

Notes:

(1) The unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2021 were extracted from the published interim report of the Company for the six months ended 30 June 2021.

(2) The audited consolidated statement of assets and liabilities of the Target Group as at 31 July 2021 were extracted from the accountants' report of the Target Group as set out in Appendix III to the Circular.

(3) For the purpose of preparation of the unaudited pro forma financial information, the exchange rate adopted is as follows:

As at 31 July 2021 HK$1=RMB0.828

No representation is made that the Renminbi ("**RMB**") amounts have been, could have been or could be converted to Hong Kong Dollar ("**HK$**"), or vice versa, at those rate or at any other rate or at all.

(4) The adjustment represents consolidation entry for the elimination of the investment cost of the Target Group, and allocation of the cost of the Acquisition to the identifiable assets acquired and liabilities assumed by the Company and recognition of the bargain purchase gain on consolidation of HK$3,140,000. As set out in this Circular, the consideration will be satisfied by cash amounting to RMB370,000,000 (approximately equivalent to HK$446,859,000) (the "**Cash Consideration**"). It is the intention of the Directors of the Company that the Cash Consideration is to be financed by internal resources.

The identifiable assets and liabilities of the Target Group will be accounted for at their fair values using the acquisition accounting method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("**HKFRS 3**").

For the purpose of the Unaudited Pro Forma Financial Information, the Directors assumed that the pro forma fair value of the identifiable assets and liabilities of the Target Group are approximated to their respective carrying amounts at 31 July 2021 and hence the fair value adjustment is immaterial.

The recognition of bargain purchase gain on Acquisition as if the Acquisition had been completed as at 30 June 2021 is as follows:

	HK$'000
Consideration for the Acquisition	446,859
Less: Assumed fair value of the net identifiable asset of the Target Group	(449,999)
Bargain purchase gain arising from the Acquisition	3,140

The bargain purchase gain arising from the Acquisition will be charged to profit or loss directly.

Since the fair values of the identifiable assets and liabilities of the Target Group as at the date of completion when the Group obtains control over the Target Group will be different from their respective fair values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amount of the identifiable assets and liabilities, and goodwill or bargain purchase gain on acquisition, whichever is applicable, to be recognised by the Group in its financial statements will be different from the estimated amounts shown in the Unaudited Pro Forma Financial Information.

(5) The adjustment represents the estimated transaction costs of approximately HK$4,865,000, including the accountancy, legal, valuation and other professional services related to the Acquisition. The expenses are charged to profit or loss directly.

(6) No adjustments have been made to adjust any trading results or other transactions of the Group or the Target Group entered into subsequent to 30 June 2021 and 31 July 2021.

(7) All the pro forma adjustments will not have a continuing effect on the Enlarged Group in the subsequent reporting periods.

The following is the text of the letter, summary of valuation and valuation report received from Norton Appraisals Limited, an independent valuer, prepared for the purpose of inclusion in this circular, in connection with its valuation as at 30 September 2021 of the property interest of the Target Group.

Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

Unit F, 18/F., Seabright Plaza
9–23 Shell Street
North Point, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

30 November 2021

The Directors
Tai United Holdings Limited
Room 2902, 29th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs,

Re: The Anyang Shopping Mall located in Jiefang Avenue, Beiguan District, Anyang City, Henan Province, the PRC

INSTRUCTIONS

In accordance with the instructions from Tai United Holdings Limited (the "**Company**") for us to value the captioned property interest located in the People's Republic of China (the "**PRC**") in which to be acquired by the Company and/or its subsidiaries (together referred to as the "**Group**"). We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the property interest as at 30 September 2021 (the "**valuation date**").

BASIS OF VALUATION

Our valuation has been undertaken on the basis of the Market Value, which is defined by The Hong Kong Institute of Surveyors as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest, we have assumed that the owner has valid and enforceable title to the property interest which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use term granted subject to payment of annual land use fee and all requisite premium payable have been fully paid.

VALUATION METHODOLOGY

In arriving at our opinion of value, we have adopted Investment Approach by taking into account the current rents passing and the reversionary income potential of the tenancies. For the portions of the property which are currently vacant or self-occupied, we have valued the property interest by capitalization of the hypothetical and reasonable market rents with typical lease terms and also make reference to the Direct Comparison Approach.

TITLE INVESTIGATION

For property interest located in the PRC, we have been provided with copies of extracts of title documents. However, we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the information given by the Group and its PRC legal adviser, Beijing Jingtian & Gongcheng Attorneys at Law (北京市競天公誠律師事務所) (the "**PRC Legal Adviser**"), regarding the title and other legal matters relating to such property interest.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of such property interest. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the property and no forced sale situation in any manner is assumed in our valuation.

We have inspected the exterior and, where possible, the interior of the property, by Mr. Zheng Xing Yi (Asset Appraiser in the China Asset Appraisal Society registered on 22 June 2020), including the physical external and internal building conditions, surrounding environments, pedestrian flow, accessibility, internal finishing, shop layout and facilities provided etc. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or other defects.

We have not carried out site measurements to verify the correctness of the site and floor areas in respect of the property but have assumed that the areas shown on the documents and floor plans handed to use are correct. All dimensions, measurements and areas included in the attached valuation report are based on information contained in the documents provided to us by the Group and therefore only approximations.

VALUATION CONSIDERATIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, site and floor areas and all other relevant matter in the identification of the property interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2020 issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices. Our valuation have also been prepared under the generally accepted valuation procedures and are in compliance with Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all sums stated in our valuation are in Renminbi (RMB).

Our valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
Paul M. K. Wong *MHKIS, RPS (G.P.), MCIREA*
Director

Note: Mr. Paul M. K. Wong is a Registered Professional Surveyor who has more than 30 years' experience in valuation of properties in Hong Kong and in the PRC.

VALUATION REPORT

Property interest to be acquired by the Group for Investment in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30 September 2021 *RMB*
The Anyang Shopping Mall located in Jiefang Avenue, Beiguan District, Anyang City, Henan Province, the PRC	The Anyang Shopping Mall also known as "Anyang Diyi Shopping Street" comprises various retail units in a 2-storey underground shopping mall (the "**Project**") completed in 2011. The total gross floor area of the property is approximately 24,815 sq.m. The operation rights of the Project are held for a term of 40 years.	Portions of the property with a total gross floor area of approximately 16,816.06 sq.m. are subject various tenancies for various terms with latest expiry date on 31 December 2022 whilst the remaining portions are currently vacant.	502,000,000

Notes:

(a) Pursuant to the Investment Agreement of Civil Air Defence Construction Project dated 27 February 2010, Asian Leader Investments Limited (鉅達投資有限公司) ("**Asian Leader**"), a company incorporated in Hong Kong which is wholly-owned by Willease Limited (the "**Target Company**"), is approved to develop the underground civil air defence space of the Project for commercial operation. Upon completion, Asian Leader has the rights to use and lease the Project and is entitled to receive income from the Project for 40 years from the commencement date of operation.

(b) Pursuant to the Construction Works Planning Permit No. An Gui Guan Jian Gong Zi No. (2016) 016 dated 15 March 2011, the Project was permitted to be developed with a total gross floor area of 25,310 sq.m.

(c) Pursuant to the 【消防安全檢查合格証】 No. An Gong Xiao An Jian Zi (2011) 0008 dated 23 August 2011, the fire safety works were inspected and passed prior the operation and put into use of the Project.

(d) Pursuant to the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China No. Shang Wai Zi Yu Fu An Zi Zi (2010) 0002 dated 21 May 2012, Anyang Renhe New World Public Facilities Co., Ltd. (renamed as Anyang Jiangchuan Public Facilities Co., Ltd.) ("**Anyang Jiangchuan**") a company established in the PRC which is wholly-owned by Asian Leader, with a registered capital of USD15,000,000 is approved and the scope of business includes development of civil air defence facilities, venue rental and business management with a operation period of 40 years.

(e) Pursuant to the Business Licence No. 9140500553163846W dated 17 July 2020, Anyang Jiangchuan has been established on 1 April 2010 with a registered capital of USD15,000,000 for an operation period from 1 April 2010 to 31 March 2052.

(f) The opinion of the PRC legal advisor to the Group contains, inter alia, the following:

(i) The Investment Agreement of Civil Air Defence Construction Project dated 27 February 2010 is valid, enforceable and legally binding.

(ii) Anyang Jiangchuan is legally established and has the rights of occupy, use and receive income arised from the Project with a term of not less than 40 years commencing from the date of operation.

(iii) Anyang Jiangchuan has the rights to use the underground space of the land at which the property is located.

(iv) As confirmed by the Target Company, the property is not subject to mortgage or any other material encumbrances.

A. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

B. DISCLOSURE OF INTERESTS

1. Directors' Interests

None of the Directors or the chief executive of the Company or any of their associates had or were deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) entered in the register required to be kept pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**").

2. Substantial Shareholders' Interests

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO (the "**Register of Shareholders**"):

Name of shareholder	Capacity	Nature of interest[(1)]	Number of issued Shares	Approximate percentage of interest in the Company[(2)]
Satinu Resources Group Ltd.[(3)]	Interests of controlled corporation	L	3,937,234,889	74.99
Songbird SG PTE. Ltd	Beneficial owner	L	3,937,234,889	74.99

Notes:

(1) The letter "L" denotes the person's long position in the Shares, and the letter "S" denotes the person's short position in the Shares.

(2) The percentage represented the number of Shares held over the total number of issued Shares of 5,250,019,852 shares as at the Latest Practicable Date.

(3) Satinu Resources Group Ltd. indirectly wholly owns Yellowbird Capital Management (GP) Limited, which is the general partner of Yellowbird Special Opportunities Fund L.P. Yellowbird Special Opportunities Fund, L.P. indirectly wholly owns Songbird SG PTE. Ltd., which in turn owns 74.99% of the issued Shares.

Save as disclosed above, there is no person (other than a Director or the chief executive of the Company) as at the Latest Practicable Date, had 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

C. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation)).

D. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Enlarged Group.

E. LITIGATION

As at the Latest Practicable Date, none of the Company, the Enlarged Group nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

F. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

G. MATERIAL CONTRACTS

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, have been entered into by the Group and are or may be material:

(a) the share purchase agreement dated 24 December 2020 for the sale and purchase of the entire issued share capital of Sky Build Limited;

(b) the share purchase agreement dated 24 December 2020 for the sale and purchase of the entire issued share capital of Superb Power Enterprises Limited; and

(c) the Share Purchase Agreement.

H. EXPERTS' CONSENT AND QUALIFICATIONS

Each of Jingtian & Gongcheng, Elite Partners and Norton Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or valuation (as appropriate) and the references to their names included herein in the form and context in which it is included, respectively.

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

Name	**Qualifications**
Jingtian & Gongcheng	Legal advisers to the Company as to PRC laws
Elite Partners	Certified Public Accountants
Norton Appraisals Limited	Independent Professional Valuer

Each of the experts named above confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

I. MATERIAL ADVERSE CHANGE

The Directors confirm that, save and except as disclosed in (i) the interim results announcement of the Company for the six months ended 30 June 2021 dated 27 August 2021; (ii) the interim report of the Company for the six months ended 30 June 2021 published on 16 September 2021; (iii) the announcement of the Company regarding update on the decision of the Stock Exchange on Rule 13.24 of the Listing Rules dated 8 February 2021 and 29 April 2021; (iv) the circular and announcement of the Company regarding its acquisitions of the shopping mall businesses in Jinzhou and Guangzhou dated 26 March 2021 and 23 April 2021; and (v) the announcement of the Company regarding the Acquisition dated 27 October 2021, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest audited consolidated financial statements of the Company were made up.

J. CORPORATE INFORMATION

Company secretary:	Mr. Poon Yick Pang Philip
Registered Office:	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Head Office and Principal Place of Business in Hong Kong:	Room 2902, 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong

K. DOCUMENTS ON DISPLAY

Copies of the following documents are displayed on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/taiunited/index.htm) for 14 days from the date of this circular:

(a) the Share Purchase Agreement;

(b) the annual reports of the Company for each of the three years ended 31 December 2018, 2019 and 2020 and the interim report of the Company for the six months ended 30 June 2021;

(c) the Accountants' Report on the Target Group prepared by Elite Partners, the text of which is set out in Appendix III to this circular;

(d) the report on the Unaudited Pro Forma Financial Information of the Enlarged Group prepared by Elite Partners, the text of which is set out in Appendix IV to this circular;

(e) the Property Valuation Report on the Target Group prepared by Norton Appraisals Limited, the text of which is set out in Appendix V to this circular;

(f) the consent letters referred to in the paragraph headed "H. Experts' consent and qualifications" in this appendix above;

(g) this circular; and

(h) the memorandum of association and bye-laws of the Company.

L. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.