THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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(s), or to the bank, stockbroker or other agent through which the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

太和控股有限公司

TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION RELATING TO THE DISPOSAL OF THE ENTIRE INTEREST IN A SUBSIDIARY AND NOTICE OF SGM

A letter from the Board is set out on pages 6 to 20 of this circular.

A notice convening the SGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong, on Friday, 28 June 2024 at 12:00 p.m., is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and, in such event, the instrument appointing a proxy will be deemed to be revoked.

11 June 2024

CONTENTS

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

"Agent"	as defined in the March Announcements
"Board"	the board of Directors
"Breach"	as defined in the March Announcements
"Buckingham Gate"	Buckingham Gate Tenant Management Company Limited, a company incorporated in the United Kingdom with limited liability and a member of the Target Group
"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
"Company's Disclosures"	Company's announcements dated 13 February 2023, 9 March 2023, 28 March 2023, 4 April 2023, 14 July 2023, 26 July 2023, 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 3 April 2024, 22 April 2024, 30 April 2024, 10 May 2024 and 21 May 2024; the March Announcements and the Company's interim report for the six months ended 30 June 2023
"Completion Date"	the date of completion of the Disposal
"Condition(s) Precedent"	the condition(s) precedent set forth in the section headed "II. The SPA – Conditions Precedent" in the Letter from the Board of this circular, or one or some of them if the context so requires
"Consideration"	the total consideration for the Sale Shares of GBP50,000,000
"Converted Loan"	the loan provided by the Purchaser to the Company subject to the terms and conditions as set out under the section headed "II. The SPA – Converted Loan" in the Letter from the Board of this circular

"Deposit"	the aggregate amount of GBP20,000,000 to be paid as a non-refundable deposit by the Purchaser to the Company in four instalments as set out in the section headed "II. The SPA – Consideration" in the Letter from the Board of this circular
"Director(s)"	director(s) of the Company
"Disposal"	the sale and purchase of the entire equity interest of the Target Company pursuant to the SPA
"Facility Agreement"	as defined in the March Announcements
"GBP"	British pound sterling, the lawful currency of the United Kingdom
"Group"	the Company and its subsidiaries
"Guangzhou Rongzhi"	Guangzhou Rongzhi Public Facilities Investment Co., Ltd.* (廣州融智公共設施投資有限公司), a wholly-owned subsidiary of the Company
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jinzhou Jiachi"	Jinzhou Jiachi Public Facilities Management Co., Ltd.* (錦州嘉馳公共設施管理有限公司), a wholly-owned subsidiary of the Company
"Latest Practicable Date"	7 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 April 2025, or such later date as may be agreed in writing by the Parties
"Longain"	Longain Park Limited (錦淩有限公司), a wholly-owned subsidiary of the Company

"March Announcements"	the announcements of the Company dated 5 and 20 March 2024 regarding the Facility Agreement, the Breach and the amount demanded by the Agent and subsequent repayment as disclosed in the announcement dated 21 May 2024
"Mr. Pang"	Mr. Pang Da Yong, a director of the subsidiaries of the Target Company, including MRB Residential, RCBG Residential, Tai United Management, MRB Residential Partners LLP and Buckingham Gate
"MRB Residential"	MRB Residential Limited, a company incorporated in the United Kingdom with limited liability and a member of the Target Group
"MRB Residential Partners LLP"	MRB Residential Partners LLP, a limited liability partnership incorporated in the United Kingdom and a member of the Target Group
"Parties"	the Company and the Purchaser
"PRC" or "China"	the People's Republic of China, which shall for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Properties"	the properties comprising of five residential units together with basement level car parking located at 6–9 Buckingham Gate, London, SW1, United Kingdom
"Property Disposal(s)"	the meaning as defined in the section headed "II. The SPA – Undertakings by the Company" in the Letter from the Board of this circular
"Purchaser"	C&E Flooring Supply Limited, a company incorporated in the United Kingdom with limited liability and a connected person of the Company at subsidiary level
"RCBG Residential"	RCBG Residential (UK) Limited, a company incorporated in the United Kingdom with limited liability and a member of the Target Group
"Remaining Group"	the Group having excluded the Target Group
"Sale Shares"	the shares in issue in the Target Company held by the Company, which represents the entire issued share capital of the Target Company as of the Latest Practicable Date

"Security"	in relation to the obligations of the Target Group under the Facility Agreement, the security in favour of the Agent comprising, among other things, the legal mortgage over the Properties, the charge over shares and/or bank accounts of members of the Target Group; guarantee by the Company and members of the Target Group; and a pledge of insurance proceeds taken out for the Properties
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM"	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the SPA and the transactions contemplated thereunder
"Share(s)"	the ordinary share(s) in the capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Shareholder's Loan"	the shareholder's loan provided by the Group to the Target Group, with an outstanding balance of approximately HK$954,588,468 in aggregate as at 31 December 2023
"Songbird"	Songbird SG Pte. Limited, the controlling shareholder of the Company
"SPA"	the share purchase agreement dated 23 April 2024 entered into by the Company and the Purchaser in relation to the Disposal
"sq. ft."	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tai United Management"	Tai United Management Company Limited, a company incorporated in the United Kingdom with limited liability and a member of the Target Group
"Target Company"	Wide Flourish Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as of the Latest Practicable Date

"Target Group"	the Target Company and its subsidiaries, which includes MRB Residential, RCBG Residential, Tai United Management, MRB Residential Partners LLP and Buckingham Gate as of the Latest Practicable Date
"%"	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)", "controlling shareholder(s)", "percentage ratio(s)", "subsidiary(ies)" 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 otherwise indicated, conversion of British pound sterling into Hong Kong dollars is calculated at the approximate exchange rate of GBP1.00 to HK$9.957. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates 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.

* *English translations of the names are provided for ease of reference only and they are not official English names of the companies and authority (as the case may be) concerned.*

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 and Chief Executive Officer)*
Mr. Zheng Yuchun

Independent non-executive Directors:
Dr. Gao Bin
Mr. Leung Ting Yuk
Ms. Song Yanjie

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Room 4202–03A, 42nd Floor
China Resource Building
26 Harbour Road
Wan Chai
Hong Kong

11 June 2024

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION RELATING TO THE DISPOSAL OF THE ENTIRE INTEREST IN A SUBSIDIARY AND NOTICE OF SGM

I. INTRODUCTION

Reference is made to the announcement of the Company dated 23 April 2024 in relation to, among other things, the Disposal.

On 23 April 2024 (after trading hours), the Company (as the seller) and the Purchaser (as the purchaser) entered into the SPA, pursuant to which the Company has conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represents the entire issued share capital of the Target Company (a wholly-owned subsidiary of the Company as of the Latest Practicable Date), for a Consideration of GBP50,000,000 (equivalent to approximately HK$497,850,000). The Target Group primarily holds and manages the Properties located in London, the United Kingdom for rental income.

In connection with the Disposal, a Deposit of GBP20,000,000 was paid by the Purchaser by instalments between the date of the SPA and the Completion Date, which was used to settle all outstanding liabilities of the Group due to the Agent under the Facility Agreement, which is required for the Company to remedy and discharge the Breach.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated in the Company's financial statements.

The purpose of this circular is to provide you with, among other things, (a) further information in relation to the Disposal; (b) the financial information of Target Group; (c) the pro-forma financial statements of the Remaining Group; (d) the property valuation report on the Properties; and (e) other information as required under the Listing Rules, together with a notice of the SGM.

II. THE SPA

The principal terms of the SPA are summarized below:

Date

23 April 2024

Parties

(a) the Company; and

(b) the Purchaser.

Subject matter

Pursuant to the SPA, the Company has conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares, which represents the entire issued share capital of the Target Company. The Target Group primarily holds and manages the Properties located in London, the United Kingdom for rental income. For further details of the Target Group, please refer to the section headed "IV. Information on the Target Group" below.

As of the Latest Practicable Date, the Company is interested in the entire issued share capital of the Target Company and the Target Company is a wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated in the Company's financial statements.

Conditions Precedent

The SPA and the obligations of the Parties to complete the Disposal shall be conditional upon and subject to the fulfilment and/or waiver (where applicable) of the following Conditions Precedent:

(a) the Disposal having been approved by the Shareholders of the Company at the SGM;

(b) the necessary regulatory approval(s) and/or clearance(s) in relation to the Disposal have been obtained by the Company from the competent authorities, including the Stock Exchange;

(c) the Purchaser having received satisfactory evidence of good title relating to the Properties;

(d) the Purchaser having settled the Deposit in the manner as set forth in the section headed "II. The SPA – Consideration" below and the Security (including, among other things, the legal mortgage over the Properties) having been duly released and discharged;

(e) the Company's warranties being true, accurate and complete in all material respects and not misleading as of the Completion Date; and

(f) the Purchaser's warranties being true, accurate and complete in all material respects and not misleading as of the Completion Date.

Conditions Precedent (a), (b) and (c) may not be waived. Condition Precedent (e) may be waived by the Purchaser and Conditions Precedent (d) and (f) may be waived by the Company. If any Condition Precedent is not fulfilled or waived (as the case may be) by the Long Stop Date, unless agreed by the Parties, the SPA shall automatically terminate with immediate effect save in respect of certain customary surviving provisions and no Party will have any claim against another for costs, damages, compensation or otherwise, save that termination does not affect a Party's accrued rights and obligations at the date of termination. As of the Latest Practicable Date, save for Conditions Precedent (d) which has been satisfied, the other Conditions Precedent have not yet been satisfied.

Consideration

The Consideration for the Sale Shares is GBP50,000,000 (equivalent to approximately HK$497,850,000), which shall be settled by stages.

The Purchaser shall pay, or procure its nominee to pay, a Deposit of GBP20,000,000 in aggregate to the Company in four instalments: (a) the first instalment of GBP5,000,000 shall be paid within two business days after the date of the SPA; (b) the second instalment of GBP5,000,000 shall be paid within seven business days after the date of the SPA; (c) the third instalment of GBP5,000,000 shall be paid within twelve business days after the date of the SPA; and (d) the fourth instalment of GBP5,000,000 shall be paid within seventeen business days after the date of the SPA. Upon the Deposit being received, the Company immediately used the amount(s) received for the repayment of the outstanding indebtedness owed by the Group to the Agent as an attempt to remedy and discharge the Breach. As of the Latest Practicable Date, the Company has received the Deposit in full, and the Company has repaid the outstanding indebtedness owed by the Group to the Agent.

On the Completion Date, the Purchaser shall pay, or procure to be paid, the remaining balance of the Consideration of GBP30,000,000 to the Company.

Undertaking by the Company

The Company has undertaken to the Purchaser that, in the event that the Purchaser has procured potential buyer(s) for the acquisition(s) of the Properties or any Property(ies) from MRB Residential Partners LLP after the Conditions Precedent being fulfilled or waived (as the case may be) but prior to Completion Date (the "**Property Disposal(s)**") and upon request of the Purchaser, the Company shall, and it shall procure the Target Group to, provide the necessary assistance to the Purchaser and execute and deliver the necessary documents to give effect to the Property Disposal(s), provided that (a) the Property Disposal(s) is subject to the approval of the Company; (b) the potential buyer(s) shall not be a connected person of the Company; (c) the consideration for the Property Disposal(s) for up to an amount of GBP30,000,000 shall be paid to the Company or any other member of the Group as the Company may direct in settlement of the remaining balance of the Consideration; and (d) Completion shall take place immediately or shortly after the Property Disposal(s) if the remaining balance of the Consideration is settled in full.

Completion

Completion shall take place after the Conditions Precedent are fulfilled or waived (as the case may be) and on the Completion Date to be agreed by the Parties, which is expected to be within twelve months after the date of the SPA, or such later date as may be agreed in writing by the Parties (which will be an extension once of not more than six months). Pursuant to the SPA, the Company shall, among other things, provide satisfactory evidence to the Purchaser that the Shareholder's Loan be waived by the Group, capitalised or otherwise settled on or before the Completion.

Converted Loan

In the event that the Purchaser has paid the Deposit to the Company pursuant to Condition Precedent (d), but any of the Conditions Precedent fails to be met or is not otherwise fulfilled or waived prior to the Long Stop Date; or Completion has not taken place prior to the Long Stop Date for whatever reason; or the Parties have mutually terminated the SPA prior to the Long Stop Date, the Deposit paid by the Purchaser to the Company will not be refunded or returned to the Purchaser immediately and shall be automatically converted into the Converted Loan on the Long Stop Date (or, if applicable, the date of termination of the SPA (whichever is earlier)), and shall be deemed to be provided by the Purchaser to the Company on the following terms: (i) the Converted Loan will have a loan period of two years commencing from the Long Stop Date (or the termination date of the SPA, if applicable) and subject to the interest rate of 13% per annum, which is determined with reference to the interest rate paid by the Group for an existing loan in the United Kingdom of approximately 8.14% per annum, and adjusted after taking into account that the Deposit will be provided up to three years, of which no interest is payable on the Deposit during the extended 12 months for Completion, and the interest on the Converted Loan will only be payable together with the principal thereof; (ii) the interest payments on the outstanding principal amount shall be calculated on a daily basis and paid together with the repayment of the outstanding principal amount of the Converted Loan at the end of the loan period; (iii) the Converted Loan will be secured by a legal mortgage over the relevant Properties and the shares of each member of the Target Group; and (iv) the Company shall have a right to repay the Converted Loan at any time before the expiry of the two year loan period.

For the sole purpose of repaying the Converted Loan, at any time up to the repayment of the Converted Loan in full, either Party shall be entitled to dispose of and procure potential buyer(s) for any or all the Properties for up to the then outstanding balance of the Converted Loan and the other Party shall provide the necessary assistance and execute and deliver the necessary documents to give effect to the property disposal (including without limitation the release by the Purchaser of legal mortgage over the relevant property(ies)) provided that (a) such property disposal and its related terms shall be approved by both Parties; (b) the disposal shall be effected with reference to the then market price or conducted by a reputable professional intermediary; (c) the consideration of such property disposal shall be paid to the Purchaser or its nominee in settlement of the Converted Loan; and (d) the SPA shall cease to have further effect on either Party, save for any antecedent breach, if the Converted Loan (with any accrued interests) is repaid in full.

III. BASIS OF THE CONSIDERATION

The consideration for the Disposal was determined after arm's length negotiations between the Company and the Purchaser after taking into account of (a) the estimated consolidated net assets of the Target Group of approximately HK$523,401,547 as at 31 December 2023 after the necessary adjustment including the waiver or capitalisation of the Shareholder's Loan and the repayment of the outstanding indebtedness owed by the Group to the Agent before Completion; (b) the preliminary value of the Properties as at 31 December 2023 appraised by International Valuation Limited, an independent professional property valuer, amounting to approximately GBP53,900,000 (equivalent to approximately HK$536,709,000); (c) the pressing funding requirements necessary to remedy and discharge the Breach; (d) the availability of the Deposit of GBP20,000,000 for the Company's immediate use for settlement of the outstanding balance of the Facility Agreement and discharging the Breach; and (e) the current property market and the rental market in the United Kingdom being more favourable to buyers and the overall business strategy of the Group focusing on the trading of flooring material and the leasing and management of shopping mall business in the PRC.

The preliminary value of the Properties

The preliminary value of the Properties as at 31 December 2023 appraised by the independent professional property valuer amounted to approximately GBP53,900,000, and the appraised value of the Properties as at 31 March 2024 based on the valuation report of the Properties in Appendix IV to this circular remained unchanged. The appraisal basis, methodology and the selection criteria of the market comparables for the preliminary value as at 31 December 2023 was materially the same as that applied to the valuation report of the Properties as at 31 March 2024 in Appendix IV to this circular, and the differences in the underlying selected comparables for the appraisals mainly arose due to updates in transactional data and enhanced sources of information at the different points in time. Further, the selected comparables in respect of the valuation report of the Properties as at 31 March 2024 in Appendix IV were subject to similar adjustments including made with reference to the relevant UK house price index in the City of Westminster published by HM Land Registry in the United Kingdom (for illustration purposes only, the house price index available for terraced houses and flats & maisonettes recorded a decrease of approximately 12% and 10%, respectively for March 2024 as compared to December 2023) and the market norm of a higher unit rate for smaller sized properties comprised in the comparables as compared to a lower unit rate for larger sized properties such as the subject property, and such analysis and adjustments of the comparables were deduced based on market data available at the relevant time and accepted industry practice and the valuer's professional knowledge and expertise. Save as mentioned above, there were no other material differences in the appraisal basis, methodology, selection criteria, data inputs and assumptions in compiling the preliminary value of the Properties as at 31 December 2023 and the appraised value of the Properties as at 31 March 2024.

The preliminary value appraised by the independent professional property valuer, International Valuation Limited, was based on market basis and on vacant possession, and direct comparison method was adopted, where comparison is based on prices realized on actual sales of comparable properties. The comparable properties were based on luxury residential properties similar to the Properties in terms of the size, character and location, being in the vicinity of Buckingham Gate, London, United Kingdom and such comparable properties were analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values. In compiling the preliminary value of the Properties as at 31 December 2023, a total of 14 market transaction comparables located within Prime Central London had been considered in the analysis. The selected comparables included 7 transactions of townhouse and 7 transactions of apartment unit, all situated within 5 kilometres from the Properties. The size of the townhouse comparables ranged from approximately 3,678 sq. ft. to 7,800 sq. ft., while size of the apartment units ranged from approximately 964 sq. ft. to 2,565 sq. ft.. The independent professional property valuer had analysed the comparables according to many factors, most particularly, the size, time, view, building quality, location and layout, and had based on the unit rate of such comparables, with adjustments including made with reference to the relevant UK house price index in the City of Westminster published by HM Land Registry in the United Kingdom (for illustration purposes only, the house price index available for terraced houses and flats & maisonettes recorded a decrease of approximately 13% and 10%, respectively, for December 2023 as compared to December 2022) and the market norm of a higher unit rate for smaller sized properties comprised in the comparables as compared to a lower unit rate for larger sized properties such as the subject property, on average and such analysis and adjustments of the comparables were deduced based on market data available at the relevant time and accepted industry practice and the valuer's professional knowledge and expertise to result in the preliminary value of the Properties.

The selected comparables are set out below for reference:

Comparable	Property Address	Postal Code	Zone	City	Type	Floor Area *(sq. ft.)*	Transaction Date	Transaction Price *(GBP)*	Unit Rate *(GBP/ sq. ft.)*
1	20 Queen Annes Gate	SW1H 9AA	Prime Central London	London	Townhouse	7,800	07 August 2023	12,650,000	1,622
2	30 Brompton Square	SW3 2AE	Prime Central London	London	Townhouse	6,598	28 July 2023	12,100,000	1,834
3	53 Egerton Crescent	SW3 2ED	Prime Central London	London	Townhouse	3,678	29 September 2023	9,300,000	2,529
4	39 Green Street	W1K 7FW	Prime Central London	London	Townhouse	6,364	30 June 2023	11,800,000	1,854
5	20 Hamilton Terrace	NW8 9UG	Prime Central London	London	Townhouse	6,172	14 July 2023	11,000,000	1,782
6	91 Cheyne Walk	SW10 0DQ	Prime Central London	London	Townhouse	6,368	30 October 2023	9,945,000	1,562
7	44 Smith Terrace	SW3 4DH	Prime Central London	London	Townhouse	3,858	25 October 2023	7,850,000	2,035
8	Albert Hall Mansions, Flat 3, Kensington Gore	SW7 2AN	Prime Central London	London	Apartment	2,565	30 January 2023	6,300,000	2,456
9	8A, Lowndes Place	SW1X 8DD	Prime Central London	London	Apartment	1,474	09 January 2023	2,950,000	2,001
10	Whitelands House, Flat 87, Cheltenham Terrace	SW3 4RA	Prime Central London	London	Apartment	964	16 January 2023	2,200,000	2,282
11	Greville House, Flat 19, Kinnerton Street	SW1X 8EY	Prime Central London	London	Apartment	1,125	31 January 2023	1,900,000	1,689
12	84C, Ledbury Road	W11 2AH	Prime Central London	London	Apartment	1,088	15 December 2023	2,210,000	2,031
13	26, Eccleston Mews	SW1X 8AG	Prime Central London	London	Apartment	1,545	08 June 2023	2,300,000	1,489
14	The Penthouse, 22 Buckingham Gate	SW1E 6LB	Prime Central London	London	Apartment	1,718	05 May 2023	3,200,000	1,863

The assumptions used for the valuation included that the owner of the Properties sell the relevant property interests on the open market in its existing state without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement that may affect the value of the property interest; all applicable zoning and use regulations and restrictions will be complied with; all applicable environmental regulations and laws have been complied with and all required licences, consents or other authority can be obtained or renewed; and the Properties have been constructed, occupied and used in full compliance with all laws and all required licenses, permit, certificate and authorizations have been obtained or to be obtained. The independent professional property valuer has carried out title searches in the relevant government platform of the United Kingdom, but has not verified ownership of the Properties or the existence of any amendments. In addition, on-site inspections of the Properties were carried out in February 2024 and during the course of the inspections, the independent professional property valuer did not note any serious defects, and the inspection did not cover any structural survey or inspection of parts of structures which are covered, unexposed or inaccessible. In addition, the independent professional property valuer did not conduct any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon; or archaeological, ecological or environmental surveys for the Properties. The preliminary value of the Properties was prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. The independent professional property valuer has relied to a very considerable extent on the information provided by the Group and have accepted information therein on such matters as planning approvals, statutory notices, easements, tenure, occupation, tenancy details, floor area and the identification of the property, and the independent professional property valuer has had no reason to doubt the truth and accuracy of the information provided by the Group which are material to the valuation and did not suspect any such information was withheld, and considered that sufficient information to reach an informed view has been provided and have no reason to suspect that any material information has been withheld. The preliminary value was based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly.

IV. INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability. As of the Latest Practicable Date, the Target Company holds the entire issued share capital of each of MRB Residential, RCBG Residential and Tai United Management, among which MRB Residential and RCBG Residential holds 78.125% and 21.875% of the issued share capital of MRB Residential Partners LLP, respectively, which in turn holds the entire issued share capital of Buckingham Gate and the Properties. The Target Group is primarily and solely engaged in the holding and management of the Properties for rental income.

The Properties comprise five residential units (including one Grade II Listed mid-terrace townhouse with a gross floor area of approximately 15,845 sq. ft. with 8 bedrooms at 6 Buckingham Gate and four apartments in a Grade II Listed mid-terrace townhouse at 7–9 Buckingham Gate, which comprises three 3-bedroom duplex apartments with gross floor area of approximately 12,617 sq. ft. in aggregate and one 2-bedroom apartment with gross floor area of approximately 2,804 sq. ft.) together with basement level car parking. The Properties are a luxury real estate in premium location in central London within close proximity to the Buckingham Palace.

Based on the unaudited consolidated financial statements of the Target Company prepared based on Hong Kong Financial Reporting Standards, the consolidated financial results of the Target Company for the two years ended 31 December 2022 and 2023 are as follows:

	For the year ended 31 December 2022	**For the year ended 31 December 2023**
	HK$'000	*HK$'000*
Revenue	10,658	3,421
Loss before taxation	38,125	92,940
Loss after taxation	38,125	92,940

The consolidated net liabilities value of the Target Group as at 31 December 2023 based on the unaudited consolidated financial statements of the Target Company prepared based on Hong Kong Financial Reporting Standards was approximately HK$431,188,000.

Please refer to the financial information of the Target Group set out in Appendix II to this circular for further financial information of the Target Group.

Pursuant to the valuation report of the Properties in Appendix IV to this circular, the appraised value of the Properties as at 31 March 2024 is GBP53,900,000 (equivalent to approximately HK$536,682,000). For further details, please refer to the valuation report of the Properties set out in Appendix IV to this circular.

V. FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As of the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated in the Company's financial statements. For illustration purposes only, (i) the Consideration of GBP50,000,000 (equivalent to approximately HK$497,850,000), after deducting the consolidated net liabilities of the Target Group in the unaudited consolidated financial statements of the Group as at 31 December 2023 of approximately HK$431,188,000, will be approximately HK$66,662,000; and (ii) it is expected that the Group will realise a net loss on the Disposal of approximately HK$29,552,000, which is calculated with reference to the difference between (a) the Consideration of GBP50,000,000 (equivalent to approximately HK$497,850,000); and (b) the estimated consolidated net assets of the Target Group of approximately HK$523,402,000 (based on the consolidated net liabilities of the Target Group in the unaudited consolidated financial statements of the Group as at 31 December 2023 of approximately HK$431,188,000 after the necessary adjustments including the addition of approximately HK$954,588,468 relating to the waiver or capitalisation of the Shareholder's Loan and the Deposit received of GBP20,000,000 (equivalent to HK$199,140,000), less the repayment of the outstanding indebtedness owed by the Group to the Agent of approximately HK$188,221,000 before Completion) and the estimated related transaction costs, taxes and expenses of the Disposal of approximately HK$4,000,000. The net loss on the Disposal above is calculated based on the information available as of the Latest Practicable Date and will be subject to final audit and any further adjustments relating to Hong Kong Financial Reporting Standards.

Upon completion of the Disposal and taking into account of the repayment of the Shareholder's Loan using the Deposit, it is estimated that the reserves of the Group will be decreased by approximately HK$29,552,000, which is mainly contributed by the net loss on disposal. The total assets of the Group is estimated to decrease by approximately HK$228,692,000, which is mainly due to the net effect of the increase in cash and cash equivalents offset by the decrease in non-current assets. The total liabilities of the Group is estimated to decrease by approximately HK$188,221,000, which is mainly due to the repayment of loans. The estimations above are calculated based on the information available as of the Latest Practicable Date, for illustration purposes only.

The estimated net proceeds from the Disposal, calculated based on the Consideration of GBP50,000,000 (equivalent to approximately HK$497,850,000) minus the estimated related transaction costs, taxes and expenses of the Disposal of approximately HK$4,000,000, is approximately HK$493,850,000. The Group has applied the net proceeds from the Disposal to repay its existing indebtedness of approximately HK$188,221,000 as of the Latest Practicable Date, which comprise all outstanding liabilities due to the Agent under the Facility Agreement, and the Group intends to apply the remaining balance as working capital to support the Group's ongoing businesses primarily in trading of flooring material and the leasing and management of shopping mall business in the PRC and as strategic reserves to cater for contingent liabilities of the Group, subject to the prevailing cash flow and funding requirements of the Group. As a result of the Disposal, the Group is released of all liabilities under the Facility Agreement and that the Breach is discharged in full.

VI. IRREVOCABLE UNDERTAKING

As of the Latest Practicable Date, Songbird, the controlling shareholder of the Company, is interested in approximately 74.99% of the total issued shares of the Company. On 17 April 2024, Songbird has entered into an irrevocable undertaking in favour of the Company, pursuant to which, among other things, Songbird has unconditionally and irrevocably agreed and undertaken to vote in favour of the resolution(s) in relation to the Disposal to be proposed at the SGM or any adjournment thereof. The irrevocable undertaking may only be terminated if the SPA is terminated by the Purchaser and the Company in mutual agreement.

VII. REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Disposal provides a timely solution and the necessary funding for the Company to remedy and discharge the Breach. The Company has pursued alternative refinancing opportunities for a period of time previously but have not been successful. The Deposit was used for repayment of all outstanding liabilities due to the Agent under the Facility Agreement and with the discharge of the Breach, the enforcement actions with respect to the security are expected to be avoided.

Furthermore, the Company considers that the Disposal represents a good opportunity for the Group to unlock the value in the Properties and to realise its investments in the Target Group. As disclosed in the Company's announcement dated 25 September 2016, the consideration for the acquisition of the entire shareholding interest in RCBG Residential and MRB Residential, which held the residential properties situated at 6–9 Buckingham Gate London, SW1E 6JP, United Kingdom (comprising of six apartments) then, and related shareholder loans in September 2016 was approximately GBP112,202,150. Since then, certain of the acquired residential properties were disposed and the Target Group currently holds five residential units comprised in the Properties; and the fair value of the Properties as at 30 June 2023 is approximately HK$583,500,000 (equivalent to approximately GBP58,601,989 using the exchange rate of GBP1.00 to HK$9.957) as stated in the Company's condensed consolidated financial statements as at 30 June 2023, after taking into account of adjustments based on the fair value assessment of the Properties on an annual basis against the backdrop of the current property market and rental market in the United Kingdom being more favourable to buyers in terms of comparatively more supply of properties available for buyers to select and the buyer's bidding price is affected. The cash inflows generated from the Disposal had facilitated the Group to repay part of its outstanding debts owed to the Agent, and the total liabilities of the Group is expected to decrease, which will be beneficial for the Group's long term development.

Based on the above and after considering the current property market and rental market in the United Kingdom being more favourable to buyers and the pressing need to remedy and discharge the Breach, the Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the SPA were entered into on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and as of the Latest Practicable Date, none of the Directors was considered to have a material interest in the SPA and the transactions contemplated thereunder under the Listing Rules, therefore no Director was required to abstain from voting on the resolution proposed in the meeting of the Board approving the SPA and the transactions contemplated thereunder.

VIII. INFORMATION ON THE PARTIES

The Company

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

The Purchaser is a company incorporated in the United Kingdom with limited liability. As of the Latest Practicable Date, the Purchaser is wholly-owned by Mr. Pang, who is a director of subsidiaries of the Target Company, and the Purchaser is an associate of Mr. Pang under the Listing Rules. The Purchaser is an investment holding company.

IX. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Purchaser is directly wholly-owned by Mr. Pang, who is a director of the subsidiaries of the Target Company, being MRB Residential, RCBG Residential, Tai United Management, MRB Residential Partners LLP and Buckingham Gate. As such, the Purchaser is an associate of Mr. Pang under the Listing Rules and is hence a connected person of the Company at subsidiary level. Accordingly, the entering into of the SPA and the transactions contemplated thereunder, together with the financial assistance that may be received by the Group pursuant to the Converted Loan that is secured with the Group's assets, constituted connected transactions of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, as (i) the Purchaser is a connected person of the Company at subsidiary level; (ii) the transactions contemplated under the SPA (including the Converted Loan) are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the Disposal (including the Converted Loan) and confirmed that the Disposal and the Converted Loan are each on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the SPA (including the Converted Loan) are subject to reporting and announcement but are exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the transactions contemplated under the SPA constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

X. SGM

A notice of the SGM to be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong, on Friday, 28 June 2024 at 12:00 p.m., is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, to approve, among others, the SPA and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the SGM or any adjournment thereof if you so desire and, in such event, the instrument appointing a proxy will be deemed to be revoked.

In order to determine the list of shareholders who will be entitled to attend and vote at the SGM, the register of members of the Company will be closed for registration of transfer of Shares from Wednesday, 26 June 2024 to Friday, 28 June 2024 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on Friday, 28 June 2024 shall be entitled to attend and vote at the SGM. In order for the Shareholders to qualify for attending and voting at the SGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with Tricor Tengis Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before 4:30 p.m., Tuesday, 25 June 2024.

XI. VOTING AT THE SGM AND THE BOARD MEETINGS

Voting at the SGM will be conducted by poll.

To the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the Disposal and as such, no Shareholder is required to abstain from voting at the SGM.

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

XII. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the SPA were entered into on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the SPA and the transactions contemplated thereunder.

XIII. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. CONSOLIDATED FINANCIAL STATEMENTS

Details of the financial information of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months period ended 30 June 2023 are disclosed in the following documents which have been published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.irasia.com/listco/hk/taiunited/index.htm):

- interim report of the Group for the six months period ended 30 June 2023 published on 21 September 2023 (pages 25 to 56) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0921/2023092100635.pdf);
- annual report of the Group for the year ended 31 December 2022 published on 28 April 2023 (pages 86 to 238) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801993.pdf);
- annual report of the Group for the year ended 31 December 2021 published on 28 April 2022 (pages 87 to 226) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802684.pdf); and
- annual report of the Group for the year ended 31 December 2020 published on 23 April 2021 (pages 80 to 214) (available on: https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300491.pdf).

2. INDEBTEDNESS STATEMENT

Charges on Group Assets

As at 31 December 2023, the Group's bank borrowings of approximately HK$1,668.2 million were secured by certain assets of the Group, including investment properties and the equity interest of a wholly-owned subsidiary (as at 31 December 2022: approximately HK$1,736.1 million).

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

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

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

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

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

Contingent liabilities

As at 30 April 2024, the Group had provided guarantees to Shengjing Bank (盛京銀行) and Bank of Jinzhou (錦州銀行) in relation to loans provided by such banks to the Group, details of which are as follows:

(1) Reference is made to the Company's announcement dated 30 April 2024 in relation to the PRC court judgment on the guarantee provided by Guangzhou Rongzhi in relation to a third party bank loan borrowed by Shenyang Fangcheng Diyi Dadao Public Facilities Management Co., Ltd. (瀋陽方城地一大道公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB234.4 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB183.4 million, plus

(ii) Estimated additional interest, penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB51.0 million.

(2) Reference is made to the Company's announcement dated 20 March 2024 in relation to the PRC court judgment on the guarantee provided by Guangzhou Rongzhi in relation to a third party bank loan borrowing by Shenyang Huangcheng Diyi Dadao Public Facilities Management Co., Ltd. (瀋陽皇城地一大道公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB82.8 million based on:

(i) The outstanding principal, interest, default interest payable and penalty per judgment as stated in the announcement of RMB74.4 million, plus

(ii) Estimated additional interest accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB8.4 million.

(3) Reference is made to the Company's announcement dated 30 April 2024 in relation to the PRC court judgment on the guarantee provided by Guangzhou Rongzhi in relation to a third party bank loan borrowing by Shenyang Shenghe Public Facilities Management Co., Ltd. (瀋陽盛和公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB232.4 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB181.5 million, plus

(ii) Estimated additional interest, penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB50.9 million.

(4) Reference is made to the Company's announcement dated 10 May 2024 in relation to the PRC court judgment on the guarantee provided by Guangzhou Rongzhi in relation to a third party bank loan borrowing by Shenyang Ruifan Public Facilities Management Co., Ltd. (瀋陽睿凡公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB171.8 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB134.4 million, plus

(ii) Estimated additional interest and penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB37.4 million.

(5) Reference is made to the Company's announcement dated 30 April 2024 in relation to the PRC court judgment on the guarantee provided by Guangzhou Rongzhi in relation to a third party bank loan borrowing by Liaoning Renhe Xintiandi Public Facilities Management Co., Ltd. (遼寧人和新天地公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB253.4 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB198.2 million, plus

(ii) Estimated additional interest and penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB55.2 million.

(6) Reference is made to the Company's announcements dated 13 February 2023, 13 October 2023 and 22 April 2024 in relation to the PRC court judgment on the guarantee provided by Jinzhou Jiachi in relation to a third party bank loan borrowing by Chongqing Baoting Public Facilities Management Co., Ltd. (重慶寶霆公共設施管理有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB2,118.4 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB1,700.0 million, plus

(ii) Estimated additional interest and penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB418.4 million.

(7) Reference is made to the Company's announcement dated 13 October 2023 in relation to the PRC court judgment on the guarantee provided by Jinzhou Jiachi in relation to a third party bank loan borrowing by Weifang Yuandu Chuangfu Public Facilities Co., Ltd. (濰坊鳶都創富公共設施有限公司). Based on the aforesaid PRC court judgment, the estimated contingent liability of the company as at 30 April 2024 is approximately RMB2,904.0 million based on:

(i) The outstanding principal, interest and default interest payable per judgment as stated in the announcement of RMB2,400.0 million, plus

(ii) Estimated additional interest and penalty accrued since judgment cut off date and up to 30 April 2024, and administration fee in the judgment of approximately RMB504 million.

Total contingent liabilities related to the above financial guarantees as at 30 April 2024 is RMB5,997.2 million.

Bank Borrowing

As at 30 April 2024, the outstanding principal, interest and default interest payable pursuant to a bank loan owed by Guangzhou Rongzhi Public Facilities Investment Co., Ltd. (廣州融智公共設施投資有限公司), a subsidiary of the Company, was approximately RMB1.7 billion in aggregate. For further details, please refer to the Company's announcement dated 13 February 2023 and 22 April 2024.

As at 30 April 2024, the outstanding principal, interest and default interest payable pursuant to the Facility Agreement owed to the Agent by MRB Residential Partners LLP, a wholly-owned subsidiary of the Company as of the Latest Practicable Date, was approximately GBP19.05 million in aggregate. For further details, please refer to the Company's announcements dated 5 March 2024 and 20 March 2024. As disclosed in the Company's announcement dated 21 May 2024, the outstanding repayment obligations under the Facility Agreement have been fully satisfied, and the Agent will proceed to release and/or discharge the related security and will not pursue any further claim action against MRB Residential Partners LLP.

General

So far as the Company is aware as of the Latest Practicable Date, save as aforesaid or as otherwise disclosed herein, with further details set out in the Company's Disclosures, and apart from intra-group liabilities, the Group did not have at the close of business on 30 April 2024 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, term loans, liabilities under acceptances other than normal trade bills or acceptable credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities that should be disclosed herein pursuant to Appendix AD1B paragraph 28 of the Listing Rules.

3. WORKING CAPITAL

The directors of the Company have given consideration to the future liquidity of the Group in light of the Group incurred a net loss of HK$1,455,401,000 during the year ended 31 December 2022 and, as of that date, the Group's has net current liabilities of HK$2,656,017,000, including the overdue bank borrowing of HK$1,527,997,000 which have not yet been successfully renewed, extended nor repaid during the year ended 31 December 2022 and subsequent to end of the reporting period. In addition, certain legal claims were filed against the Group in the PRC involving litigation proceedings and enforcements. It came to the attentions of the directors of the Company that part of the claims related to certain pledge of assets and guarantees provided by two subsidiaries established in the PRC, namely Guangzhou Rongzhi and Jinzhou Jiachi, allegedly originated prior to the acquisition of Sky Build Limited and Superb Power Enterprises Limited (the "**Acquisitions**") and the demand by the Agent in the repayment of the borrowings under the Facility Agreement by the Target Group. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Directors of the Company based on information currently available to them, are satisfied that the liquidity of the Group can be maintained in the coming year taking into the consideration of the following matters.

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

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

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

The Directors, after due and careful enquiry based on information currently available to them, are of the opinion that, taking into account the Disposal and the financial resources available to the Group, including internal resources, the net proceeds to be received from the Disposal, and based on the assumptions that the Group's management will be able to achieve the aforementioned plans and measures, the Group will have sufficient working capital to fund its operations as and when they fall due for at least the next twelve months from the date of this circular, in the absence of unforeseen circumstances. However, if the implementation of plans and measures of the Group become unsuccessful or insufficient for meeting the Group's requirements, the Group will not have sufficient working capital for at least the twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

In February 2023, a subsidiary of the Company, namely Longain, became involved in a litigation claim brought in the PRC by a claimant bank for a bank loan taken out by Guangzhou Rongzhi. Longain was alleged to have provided against the entire equity interest in Guangzhou Rongzhi to secure its repayment obligations. In April 2024, Guangzhou Rongzhi received a letter from the claimant bank requesting Guangzhou Rongzhi to repay the outstanding amount within five days of the said letter. As at the Latest Practicable Date, neither the Company nor Longain had received any judgments and/or updates from the relevant PRC court. Please refer to the announcements of the Company dated 13 February 2023 and 22 April 2024 for further details.

In February to July 2023, two other subsidiaries of the Company, namely Jinzhou Jiachi and Guangzhou Rongzhi became involved in litigation claims brought in the PRC by two claimant banks for bank loans taken out by third party companies. Jinzhou Jiachi and Guangzhou were alleged to have provided guarantees and/or pledges against operating rights of underground shopping malls located in the PRC to secure repayment obligations of the said borrowers. As at the Latest Practicable Date, Jinzhou Jiachi and Guangzhou Rongzhi have received judgments relating to all of the aforementioned litigation claims in favor of the two claimant banks, as well as notices for enforcement for three of such judgments. Please refer to the announcements of the Company dated 13 February 2023, 9 March 2023, 28 March 2023, 4 April 2023, 14 July 2023, 26 July 2023, 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 3 April 2024, 30 April 2024 and 10 May 2024 for further details.

In July 2023, Jinzhou Jiachi became involved in a litigation claim brought in the PRC by a former supplier of the Group for failing to settle a small portion of the aggregate construction fees. As at the Latest Practicable Date, Jinzhou Jiachi had received a judgment relating to the said litigation claim in favor of the former supplier. Please refer to the announcements of the Company dated 14 July 2023 and 3 April 2024 for further details.

On 25 August 2023, the Company published a profit warning in relation to the six months ended 30 June 2023 ("**1H2023 Period**"). At the time of the announcement, the Group expected to record, for 1H2023 Period a substantial loss before tax in the range of approximately HK$750 million to HK$780 million, compared to that for six months ended 30 June 2022, in which the unaudited loss before tax of the Group was approximately HK$321.9 million. The expected increase in loss before tax was mainly attributable to the (i) decrease in fair value of investment properties in the PRC recognised resulting from the post adverse impact of COVID-19 pandemic; and (ii) provisions for financial guarantees provided to onshore banks in the PRC in relation to third party loans. Subsequently, the Company published its interim report 2023 on 21 September 2023. Please refer to the Company's announcement dated 25 August 2023 and the interim report 2023 published on 21 September 2023 for further details.

As at the Latest Practicable Date, Jinzhou Jiachi and Guangzhou Rongzhi became aware that onshore bank deposits of approximately RMB14.2 million (with respect to Jinzhou Jiachi) and approximately RMB17.0 million (with respect to Guangzhou Rongzhi) have been withdrawn and transferred to accounts maintained by a court in the PRC for the purpose of enforcing court judgments. In May 2024, Jinzhou Jiachi became aware that onshore bank deposit of approximately RMB1.1 million have been withdrawn and transferred to accounts maintained by a court in the PRC for the purpose of enforcing court judgments. As at the Latest Practicable Date, neither Jinzhou Jiachi nor Guangzhou Rongzhi have received other PRC court notice and/or documents relating to such withdrawal and transfer. Please refer to the announcements of the Company dated 3 April 2024 and 21 May 2024 for further details.

In March 2024, the Breach occurred that rendered the outstanding principal amount, accrued interest and all other amounts payable under the Facility Agreement amounting to approximately GBP19.05 million as at 15 March 2024 immediately due and payable by MRB Residential Partners LLP. On 16 May 2024, the Company received a written confirmation from the Agent that all outstanding repayment obligations of MRB Residential Partners LLP under the Facility Agreement have been fully satisfied and the Agent will proceed to release and/or discharge the security provided therefor. Please refer to the announcements of the Company dated 5 March 2024, 20 March 2024 and 21 May 2024 for further details.

Save as disclosed in this circular, with further details set out in the Company's Disclosures, the Directors confirm that, 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 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. VALUATION RECONCILIATION STATEMENT

The Company has engaged International Valuation Limited, an independent professional property valuer, to value the Properties and prepare the property valuation report, the text of which is set out in Appendix IV to this circular.

The book value of the investment properties of the Target Group as at 31 December 2023 as set out in Appendix II to this circular was GBP53,900,000 (equivalent to HK$536,709,000 based on the closing exchange rate as at 31 December 2023 of GBP1.00 to HK$9.9575), which is the same as the market value of the Properties of the Target Group as at 31 March 2024 as set out in the property valuation report in Appendix IV to this circular.

6. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

The PRC economy is returning to the pre-pandemic level. Although the rebounds in commercial activities vary amongst different regions, the Remaining Group formulates various strategies to embrace the resurging business opportunities.

The Guangzhou Shopping Mall will continue to leverage on the online media to bring consumer traffic to the mall. Professionally produced promotional video clips will continue to be broadcasted in official accounts of the mall on popular mobile social media platforms like Douyin, Kuaishou and WeChat Channels. The mall will also extend support and training to tenants to set up their own media accounts and produce video clips for marketing on the media platforms. Ongoing efforts will be spent to enhance the mall's image of the hubs for garment exporters and leading kids fashion brands. Following completion of renovation works for the entrances and certain interior sections of the mall, a brighter and more comfortable shopping environment for visitors will be ready for the resurging business in second half of the year.

The Jinzhou Shopping Mall has set up selfies hotspots in the mall to foster customers membership program. Continual upgrading works are scheduled for a more convenient settings for the mall's single pathway shopping route. The mall is also exploring cooperation opportunities with prominent night market operators in different cities to introduce new tenants and business models with extended business hours in the evenings. The Guangzhou and Jinzhou Shopping Malls are collaborating with the Claimant Bank (as defined below) to set up jointly managed bank accounts for ordinary business operations of the malls affected by the court orders freezing existing banks accounts of the two shopping malls.

The Anyang Shopping Mall will introduce more elements to attract the young consumers. The mall will take various measures to enhance both the quantity and quality of tenants in the existing manicure business section. The mall also plans to launch an online membership program with the selfies gallery of several dozen photo shooting themes. Under the plan, member events will be sent to the young members to increase the mall visitors flow and monetize online traffic for our tenants. Market activities are scheduled to expand tenant base for the pets care and trendy entertainment sections of the mall.

The flooring materials trading business is expected to remain stable with North America as the primary market.

Business environment has been improving but there are still challenges ahead. The Remaining Group will collaborate closely with different stakeholders to sustain and grow existing businesses, while actively exploring new business initiatives to complement and further expand our commercial footprints in the PRC and overseas.

As Disclosed by the Company, the Company became aware of litigation claims that had been brought in the PRC by an onshore bank (the "**Claimant Bank**") against among others, Jinzhou Jiachi, Longain, both of which are subsidiaries of the Company, and Guangzhou Rongzhi, a subsidiary of Longain, on a several or joint basis (as the case may be).

In February 2023, a subsidiary of the Company, namely Longain, became involved in a litigation claim brought in the PRC by a claimant bank for a bank loan taken out by Guangzhou Rongzhi. Longain was alleged to have provided against the entire equity interest in Guangzhou Rongzhi to secure its repayment obligations. In April 2024, Guangzhou Rongzhi received a letter from the claimant bank requesting Guangzhou Rongzhi to repay the outstanding amount within five days of the said letter. As at the Latest Practicable Date, neither the Company nor Longain had received any judgments and/or updates from the relevant PRC court. Please refer to the announcements of the Company dated 13 February 2023 and 22 April 2024 for further details.

In February to July 2023, two other subsidiaries of the Company, namely Jinzhou Jiachi and Guangzhou Rongzhi became involved in litigation claims brought in the PRC by two claimant banks for bank loans taken out by third party companies. Jinzhou Jiachi and Guangzhou were alleged to have provided guarantees and/or pledges against operating rights of underground shopping malls located in the PRC to secure repayment obligations of the said borrowers. As at the Latest Practicable Date, Jinzhou Jiachi and Guangzhou Rongzhi have received judgments relating to all of the aforementioned litigation claims in favor of the two claimant banks, as well as notices for enforcement for three of such judgments. Please refer to the announcements of the Company dated 13 February 2023, 9 March 2023, 28 March 2023, 4 April 2023, 14 July 2023, 26 July 2023, 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 3 April 2024, 30 April 2024 and 10 May 2024 for further details.

In July 2023, Jinzhou Jiachi became involved in a litigation claim brought in the PRC by a former supplier of the Group for failing to settle a small portion of the aggregate construction fees. As at the Latest Practicable Date, Jinzhou Jiachi had received a judgment relating to the said litigation claim in favor of the former supplier. Please refer to the announcements of the Company dated 14 July 2023 and 3 April 2024 for further details.

On 25 August 2023, the Company published a profit warning in relation to the six months ended 30 June 2023 ("**1H2023 Period**"). At the time of the announcement, the Group expected to record, for 1H2023 Period a substantial loss before tax in the range of approximately HK$750 million to HK$780 million, compared to that for six months ended 30 June 2022, in which the unaudited loss before tax of the Group was approximately HK$321.9 million. The expected increase in loss before tax was mainly attributable to the (i) decrease in fair value of investment properties in the PRC recognised resulting from the post adverse impact of COVID-19 pandemic; and (ii) provisions for financial guarantees provided to onshore banks in the PRC in relation to third party loans. Subsequently, the Company published its interim report 2023 on 21 September 2023. Please refer to the Company's announcement dated 25 August 2023 and the interim report 2023 published on 21 September 2023 for further details.

In April 2024, Jinzhou Jiachi and Guangzhou Rongzhi became aware that onshore bank deposits of approximately RMB7.4 million (with respect to Jinzhou Jiachi) and approximately RMB11.3 million (with respect to Guangzhou Rongzhi) have been withdrawn and transferred to accounts maintained by a court in the PRC for the purpose of enforcing court judgments. In May 2024, Jinzhou Jiachi became aware that onshore bank deposit of approximately RMB1.1 million have been withdrawn and transferred to accounts maintained by a court in the PRC for the purpose of enforcing court judgments. As at the Latest Practicable Date, neither Jinzhou Jiachi nor Guangzhou Rongzhi have received other PRC court notice and/or documents relating to such withdrawal and transfer. Please refer to the announcements of the Company dated 3 April 2024 and 21 May 2024 for further details.

In March 2024, the Breach occurred that rendered the outstanding principal amount, accrued interest and all other amounts payable under the Facility Agreement amounting to approximately GBP19.05 million as at 15 March 2024 immediately due and payable by MRB Residential Partners LLP. On 16 May 2024, the Company received a written confirmation from the Agent that all outstanding repayment obligations of MRB Residential Partners LLP under the Facility Agreement have been fully satisfied and the Agent will proceed to release and/or discharge the security provided therefor. Please refer to the announcements of the Company dated 5 March 2024, 20 March 2024 and 21 May 2024 for further details.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon completion of the Disposal, the Company will no longer hold any interest in the Target Group and each of the members of the Target Group will cease to be a subsidiary of the Company, and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Company.

In addition, upon completion of the Disposal, the Remaining Group will continue to carry out its existing businesses and there will be no change to the principal business of the Remaining Group.

On this basis, the management discussion and analysis on the Remaining Group for the years ended 31 December 2020 (“**FY2020**”), 31 December 2021 (“**FY2021**”) and 31 December 2022 (“**FY2022**”) and the six months period ended 30 June 2023 is set out below.

A. For the year ended 31 December 2020

For FY2020, the revenue was approximately HK$18.7 million, down by 3.1% when compared to approximately HK$19.3 million for the last year, because various businesses of the Remaining Group have been negatively affected by COVID-19 pandemic to different degrees. Such decline in revenue of approximately HK$0.6 million was mainly attributable to the increase in revenue from medical equipment trading business of approximately HK$0.5 million as demand of the medical equipment and products resumed. Furthermore, the increase in the net investment losses on securities investment of approximately HK$1.2 million reflected the value decrease of the Remaining Group’s investment portfolio of Hong Kong listed securities under impacts of pandemic.

Despite of the decline in revenue, the Remaining Group recorded a substantial increase in profit before tax for FY2020 of approximately HK$126.9 million, by 118.4% as compared with last year, with the combined effect of:

(i) an increase in other income from approximately HK$50.2 million last year to approximately HK$85.2 million this year mainly due to the increase in interest income from disposal receivable of a subsidiary, which held an investment property in Hangzhou, the PRC;

(ii) a reversal of impairment losses under expected credit loss model of approximately HK$27.1 million was recorded this year due to an improvement in the receipt of other receivables, whereas the recognised impairment losses of last year was approximately HK$39.6 million;

(iii) a decrease in other gains from approximately HK$151.0 million last year to approximately HK$49.1 million this year that was mainly attributable to the absence of gains on disposal of subsidiaries and a net gain of foreign exchange was recorded this year;

(iv) a significant decrease of 33.0% in employee benefits expenses from approximately HK$38.2 million last year to approximately HK$25.6 million this year due to the decrease in headcounts and reductions in salary and bonus;

(v) a significant decrease of 40.7% in other operating expenses from approximately HK$46.9 million last year to approximately HK$27.8 million this year as cost reduction measures have been implementing over the past two years amid the streamlining of various business segments and the ceasing of operation of commodity trading business in mid-year 2020;

(vi) an absence of the changes in fair value of assets classified as held-for-sale in 2020 as compared to a loss of approximately HK$17.4 million last year;

(vii) a decrease of 46.0% in impairment losses on mining rights from approximately HK$170.8 million last year to approximately HK$92.2 million this year due to the impact of adverse factors of the COVID-19 pandemic; and

(viii) a decrease of 54.5% in finance costs from approximately HK$0.7 million last year to approximately HK$0.3 million this year as a result of reduction in borrowings amount.

Accordingly, the Remaining Group recorded a significant increase in gain attributable to owners of the Remaining Group from loss approximately HK$146.3 million for the previous year to gain approximately HK$29.5 million this year.

Business Review

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

Property Investment

Acquisitions of shopping mall businesses in the PRC

On 24 December 2020, a wholly-owned subsidiary of the Remaining Group entered into the conditional share purchase agreements for the acquisitions ("**Acquisitions**") of shopping mall businesses in Jinzhou and Guangzhou in the PRC. Details of which were set out in the Remaining Group's announcement dated 24 December 2020 and the section headed "Very Substantial Acquisitions" of this circular.

Against the backdrop of the on-going global pandemic which is expected to hinder organic growth of our existing businesses in the near future, the Remaining Group considers to diversify within the property investment business segment through acquisitions. The shopping mall businesses to be acquired primarily involve the leasing of shop spaces, which share similarities in business, operating and income model with the existing property investment business of the Remaining Group, and therefore are considered to be a natural extension of the property investment business into commercial shopping mall properties. The Remaining Group's professional team will leverage on existing knowledge and expertise acquired from managing different property types in various geographical locations over the years in supervising the new businesses. After the completion of the Acquisitions, the new shopping mall businesses are expected to provide the enlarged Group with secured and stable source of rental income and other management fee income.

Medical Equipment Trading

The Remaining Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Remaining Group operates in a highly competitive market.

The revenue for FY2020 increased slightly by 2.5% to approximately HK$20.5 million, as compared to approximately HK$20.0 million of last year. Although the sales of many of the Medical Products were suspended during the lockdown in the first half of 2020 amid COVID-19 pandemic, backlog orders have been delivered in the second half of 2020 after cities reopening and subsequent demand of which has steadily increased along with ageing population. Due to the increased administrative costs caused by lockdown restrictions in the first half of 2020, the segment loss was approximately HK$1.8 million for FY2020, represented an increase of 12.5% as compared with approximately HK$1.6 million of last year.

Mining and Exploitation of Natural Resources

The Remaining Group has four mining rights licences ("**Mining Rights**") of three tungsten projects. The segment of mining and exploitation of natural resources business recorded no revenue in FY2020 under review as the Remaining Group is in the progress to approach numerous investors during the first half of 2020 for mining co-operation, but the meetings and communications was suspended by the COVID-19 pandemic and its subsequent lockdown measures.

Considering various factors including possible negative impact of COVID-19 on demand of tungsten and hence volatility in tungsten price, logistical bottlenecks and the significant increase in exploration, transportation and logistical costs of mining caused by lockdown and restrictive measures, a conservative approach has been adopted for the valuation of Mining Rights. As a result, the carrying values of the Mining Rights was further impaired from approximately HK$174.0 million as at 31 December 2019 to approximately HK$81.8 million as at 31 December 2020. As such, a total amount of approximately HK$92.2 million of impairment loss on mining rights was recognized for FY2020. Accordingly, the segment result was a loss of approximately HK$93.9 million.

Details of the valuation of Mining Rights

<u>Valuation Method</u>

There is no change in the valuation method adopted for the valuations as at 31 December 2020 and 31 December 2019, as both were conducted by discounted cash flow method under income approach.

Key Inputs

<u>Average grades of the Mining Rights</u>

The average grades used for the valuation of Mining Rights for both years ended 31 December 2019 and 2020 were based on information in the second phase of updated resource estimation technical report under the Australasian Code for Reporting of Exploration Results, Mineral Resources that was made available to the Remaining Group in February 2020.

	Average Grades	
Mining License	**As at 31 December 2020**	**As at 31 December 2019**
MV-5518 & MV-11027	1.1%	1.1%
MV-11863	1.6%	1.6%
MV-3506	0.6%	0.6%

Other key assumptions in the valuation

The other key inputs in the valuation include commodity price, price growth, discount rate and cash flow projection. There is no significant change in the basis of determining these inputs and the valuer merely updated these inputs based on the market changes. The following is a comparison table in respect of the aforementioned inputs applied in the valuation of the Mining Rights:

	As at 31 December 2020		**As at 31 December 2019**	
Parameter	**Input**	**Basis**	**Input**	**Basis**
Adopted price on 65% tungsten concentrate	US$13,329 per ton	With reference to the market price in 2020	US$12,494 per ton	With reference to the market price in 2019
Price growth (%)	0.2%	Compound annual growth rate of the market price from 2006	0.3%	Compound annual growth rate of the market price from 2007
Post-tax discount rate (%)	21.1%	Based on weighted average cost of capital	20.6%	Based on weighted average cost of capital
Cash flow projection (year)	Five to twenty	With reference to the feasibility study report prepared in 2020	Four to nineteen	With reference to the feasibility study report prepared in 2019

Provided that the vaccine distribution continues to evolve through 2021, the demand of tungsten is anticipated to rise at a considerable rate in the future as economies grow and industrial output rebound back to pre-pandemic level. However, the reality is that the U.S. and much of the world remains mired in a health crisis at the moment, and there is a general understanding that the vaccine rollout is a long-term proposition. The price of tungsten in the future will be affected by the progress of vaccine rollout and the status of COVID-19 mutants, but those factors remain highly uncertain. The immediate impact of COVID-19 on the tungsten market will be a higher mining and transportation costs due to the traffic restrictions in different regions and countries, additional precaution measures for workers, strict physical distancing controls at the mining site and disruptions to the supply chain. As a result, the estimated profit of mining tungsten has been seriously squeezed. Based on the uncertain demand and price of tungsten and the raising mining costs, the Directors are of the view that the exploration and mining of tungsten should be postponed until the price of tungsten and costs of mining can be reliably estimated while the economic recovery amid vaccine rollout becomes more certain.

Financial Services and Asset Management

No segment revenue was recorded as the prospect and market condition were yet to be certain especially in light of the economic downturn, the elevated China-US tension and the COVID-19 pandemic, the Remaining Group has adopted a prudent approach in investments during FY2020. As a result, a segment loss of approximately HK$5.5 million was recorded FY2020 as compared to a segment profit of approximately HK$9.4 million last year. The status of each of businesses in this segment is further discussed as below.

Financial services

The Remaining Group has obtained a money lenders licence under the Money Lenders Ordinance, Chapters 163 of the Laws of Hong Kong through a wholly-owned subsidiary in August 2020, and the relevant procedures and other preparation works have been completed. The original plan to commence money lending business in the second half of 2020, as disclosed in the 2020 Interim Report, will be temporarily postponed as the corporate internal resources has been reserved for the Acquisitions.

Given that the acquisitions of new businesses will be successfully completed in a short time frame, the commencement of money lending business will be postponed until the newly acquired businesses have showed signs of stabilisation and corporate resources continue to grow and accumulate. The Directors will closely monitor the development of our various business segments and strategically allocate corporate resources with an aim to maximize the Shareholders' returns.

Distressed debt assets management

The Remaining Group recorded no net investment gain or loss in its distressed debt assets management business for both years ended 31 December 2019 and 2020 due to no transaction of acquisition or disposal of distressed debt asset has been conducted under increasing risk of economic downturn amid COVID-19 pandemic. The price of distressed debt assets including non-performing loans ("**NPLs**") fell to a relatively low level in 2020, and is expected to remain low in the foreseeable future, due to abundant supply in the market. During the first nine months of 2020, RMB1.73 trillion of NPLs were written off in Chinese banks' balance sheet, mostly through selling to third-party distressed debt managers, according to China Banking and Insurance Regulatory Commission. After careful assessment of various risks in the distressed debt assets market, the Directors were of the view that acquisitions of these assets may not be considered as appropriate for the time being, due to the increased associated risks yet lowered returns for uncertain recovering period. As a result, the business incurred a loss of approximately HK$3.7 million for FY2020, mainly representing the overhead costs of the business operation, whereas the loss of last year was approximately HK$5.3 million.

Securities investment

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

As at 31 December 2020, the carrying value of the investment portfolio (recorded as financial assets at fair value through profit or loss in the consolidated statement of financial position) was approximately HK$7.9 million, versus of approximately HK$10.1 million as at 31 December 2019. The holding of such listed securities investments has remained unchanged and they were all listed equity securities in Hong Kong, which none of them was with a carrying value of 5% or more of the total assets of the Remaining Group. The Directors believe that the holding of such investment portfolio is in line with the Directors' prudent investment strategy in view of the prevailing investment environment in the region.

A net investment loss on the fair value amounting to approximately HK$1.8 million was recorded for FY2020 due to market volatility and the drop in share prices of the listed securities investments in our investment portfolio amid COVID-19 pandemic, as compared to approximately HK$0.6 million of last year. The Directors currently do not anticipate any disposal or addition in the Remaining Group's investment portfolio in the foreseeable future as the securities' market is still yet to be certain.

Cessation of Commodity Trading Business

On 5 May 2020, the Board has resolved to apply for striking off of Sino United Energy Pte. Ltd. ("**Sino United**"), an indirectly wholly-owned subsidiary of the Remaining Group which has been principally engaged in commodity trading business and security trading business, under the law of Singapore ("**Striking Off**"). Since Sino United is the only subsidiary of the Remaining Group engaging in the commodity trading business, the Remaining Group has also ceased to carry on the commodity trading business.

As disclosed in the section of management discussion and analysis of 2019 annual report of the Remaining Group, the extreme volatility of oil price since 2019 has adversely affected the terms of supply of oil and/or other petroleum products granted to the Remaining Group by its suppliers, rendering the commodity trading business in this segment hardly commercially attractive, the management of the Remaining Group hence was not active in engaging in any such trading activities since

2019. As a result, the Remaining Group recorded no revenue generated from commodity trading business both for the years ended 31 December 2019 and 2020. A loss of approximately HK$0.3 million incurred on commodity trading business in FY2020 therefore absorbed by the head office of the Remaining Group, comparing to a loss of approximately HK$7.2 million for the same period last year.

As disclosed in the section of management discussion and analysis of the 2020 Interim Report, the price of the United States ("**US**") crude May futures contract in April 2020 fell as low as minus US dollars ("**USD**") 37.63 a barrel for the first time in history as room to store the unneeded barrels of oil piling up during COVID-19 was literally running out. The market was further stunned by the filing for bankruptcy protection by one of Singapore's giant oil traders which, according to reported news articles, has suffered about hundreds of million USD in losses from oil futures trading. In light of the heightened unpredictability of oil price coupled with unprecedented decrease in demand for oil and petroleum products, the Board considers that it is no longer commercially attractive to engage in the trading of oil and other commodities as it is risky yet with a low rate of return. The Board believes that it is in the best interests of the Remaining Group and its Shareholders as a whole to cease its commodity trading business at this stage so that the Remaining Group will be able to allocate more resources and management efforts to other business activities of the Remaining Group and/or to explore new lines of businesses with an aim to provide better returns for the Shareholders.

The Board is of the view that, since the Remaining Group recorded no revenue from commodity trading business for the years ended 31 December 2019 and 2020, the Striking Off and the cessation of commodity trading business shall have no material adverse impact to the financial performance and operation of the Remaining Group.

Details of the Striking Off were set out in the Remaining Group's announcement dated 5 May 2020.

Very Substantial Acquisitions

On 24 December 2020, a wholly-owned subsidiary of the Remaining Group entered into two conditional share purchase agreements with Stone Wealth Limited ("**Seller**") for the Acquisitions of, (i) the entire issued share capital of Sky Build Limited ("**Sky Build**") which is indirectly holding 100% equity interest in Jinzhou Jiachi (together with Sky Build and its wholly owned subsidiaries, "**Jinzhou Target Group**"), which holds a single-storey underground mall ("**Jinzhou Shopping Mall**") and engages in shopping mall business in Jinzhou in the Liaoning Province of the PRC ("**Jinzhou Shopping Mall Business**") at a cash consideration of RMB554 million, and (ii) the entire issued share capital of Superb Power Enterprises Limited ("**Superb Power**") which is indirectly holding 100% equity interest in Guangzhou Rongzhi (together with Superb Power and its wholly owned subsidiaries, "**Guangzhou Target Group**"), which holds a two-storey underground mall ("**Guangzhou Shopping

Mall") and engages in shopping mall business in Guangzhou in the Guangdong Province of the PRC ("**Guangzhou Shopping Mall Business**") to be settled by the novation to the Remaining Group of the repayment obligations of the current account balances of Guangzhou Rongzhi due from a group of related companies/parties controlled by the ultimate beneficial owner of the Seller in the amount of approximately RMB1,437 million as at 30 September 2020.

The Remaining Group considers the Acquisitions to be a natural extension of its property investment business into commercial retail properties, given the common characteristics exhibit by the business, operating and income models of the Jinzhou Shopping Mall Business and the Guangzhou Shopping Mall Business. The Acquisitions are therefore considered aligned with the Remaining Group's existing business strategies related to its property investment business (to expand its property portfolio) and also consistent with the Remaining Group's resources as the consideration will be fully settled using the Remaining Group's internal resources.

After the completion of the Acquisitions, the Jinzhou Shopping Mall and the Guangzhou Shopping Mall will be held as investment properties by the Enlarged Group and the results of the Jinzhou Target Group and the Guangzhou Target Group would be consolidated into the accounts and under the property investment segment of the Enlarged Group.

Details of the Acquisitions were set out in the Remaining Group's announcement dated 24 December 2020 and the Remaining Group's circular dated 26 March 2021.

Financial Review

Capital structure

For FY2020, the Remaining Group's consolidated net asset was approximately HK$1,551.3 million, representing a increase of approximately HK$7.9 million as compared to that of approximately HK$1,543.4 million as at 31 December 2019. There is no shares movement since the last year ended. As at 31 December 2020, the Remaining Group has 5,250,019,852 shares of HK$0.05 each in issue and the total equity attributable to owners of the Remaining Group was approximately HK$1,548.7 million (as at 31 December 2019: approximately HK$1,540.6 million).

Liquidity and financial resources

For FY2020, the Remaining Group's bank balances and cash was approximately HK$484.0 million (as at 31 December 2019: approximately HK$541.0 million), current assets of approximately HK$1,460.7 million (as at 31 December 2019: approximately HK$1,618.1 million), current liabilities of approximately HK$131.2 million (as at 31 December 2019: approximately HK$244.4 million). The current ratio was 11.13 times *(Note 1)* (as at 31 December 2019: 6.62 times). For FY2020, the net current assets of the Remaining Group were approximately HK$1,329.5 million (as at 31 December 2019: approximately HK$1,373.8 million).

For FY2020, the total debt financing of the Remaining Group was approximately HK$3.6 million (as at 31 December 2019: nil), and no non-current debt financing for FY2020 (as at 31 December 2019: nil).

The negative net debt *(Note 2)* of the Remaining Group was approximately HK$480.3 million (as at 31 December 2019: negative net debt of approximately HK$420.1 million) and the total equity was approximately HK$1,551.3 million (as at 31 December 2019: approximately HK$1,543.4 million). Therefore, the gearing ratio *(Note 3)* as at the end of the period was 0.002 (as at 31 December 2019: nil).

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings + Other loan – Bank balances and cash

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

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

Capital Commitments

For FY2020, the Remaining Group had no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2019: nil).

Charges on group assets

As at 31 December 2020, the Remaining Group had no bank borrowings secured by investment properties (as at 31 December 2019: nil).

Contingent liabilities

As at 31 December 2020, the Remaining Group had no material contingent liabilities (as at 31 December 2019: nil).

Foreign exchange exposure

The Remaining Group's financial statements are denominated in HKD, while the Remaining Group is conducting business mainly in HKD, USD, GBP and RMB. Since exchange rates of HKD is pegged to USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the UK and the PRC subsidiaries of the Remaining Group are mainly denominated in GBP and RMB respectively, there were exchange risks during financial settlement at the end of Year in this regard.

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

Employees and remuneration policies

As at 31 December 2020, the Remaining Group had 28 (as at 31 December 2019: 33) employees, of whom approximately 85.7% (as at 31 December 2019: 84.8%) were located in Hong Kong and the rest were located in the PRC.

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

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

B. For the year ended 31 December 2021

The revenue of the Remaining Group for FY2021 was approximately HK$304.2 million, representing a significant increase of 1,526.7% as compared to revenue of approximately HK$18.7 million for FY2020, such increase was mainly contributed by the rental income and property management and related services income, and revenue from the sale of operating rights of the store units generated from the newly acquired shopping mall businesses in the PRC in the ordinary and usual course of business of the Remaining Group, and the increase in revenue from sales of medical equipment and flooring materials. In addition, net investment income on securities investment had also turned loss into profit with an improved net investment gains of approximately HK$1.0 million during FY2021, a turnaround from a net investment losses of approximately HK$1.8 million in FY2020, reflecting the value appreciation of the Remaining Group's investment portfolio of Hong Kong listed securities under the containment of COVID-19 pandemic and the recovery of the global economy. Although revenue increased substantially and the Remaining Group actively implemented continuous cost saving plan, the Remaining Group still recorded a loss before tax of approximately HK$337.7 million during FY2021, expanded by 1,814.1% as compared with the profit before tax of HK$19.7 million in FY2020, with the combined effect of:

(i) a decrease in fair value of investment properties of approximately HK$156 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic;

(ii) an increase in impairment losses on mining rights to approximately HK$63.1 million (FY2020: approximately HK$92.2 million);

(iii) an increase in finance costs from approximately HK$0.3 million for FY2020 to approximately HK$122.3 million during FY2021, which was due to the addition bank loan of approximately RMB1,370.0 million in connection to the acquisition of Guangzhou Shopping Mall (as defined below);

(iv) a decrease in other income from approximately HK$85.2 million in FY2020 to approximately HK$42.7 million during FY2021, which was mainly due to the decrease in interest income from disposal receivable of a subsidiary, which held an investment property in Hangzhou, the PRC ("**Hangzhou Receivable**") because the Hangzhou Receivable has been collected in full during FY2021;

(v) a reversal in impairment losses under the expected credit loss model of approximately HK$18.7 million was recorded in FY2021 due to the improvement in the receipt of other receivables, whereas the reversal impairment losses of FY2020 was approximately HK$27.1 million;

(vi) a change in other gains and losses from gain of approximately HK$49.1 million in FY2020 to loss of approximately HK$5.0 million during FY2021, which was mainly attributable to the recognition of gains on bargain purchase in the business combinations (FY2020: nil) and the net foreign exchange gains arising from the appreciation of foreign currencies; and

(vii) an increase in employment benefits expenses and other operating expenses to approximately HK$36.5 million and HK$64 million, respectively (FY2020: approximately HK$25.6 million and HK$27.8 million, respectively) as a result of the completion of acquisition of the Shopping Mall Businesses in the PRC (as defined below) during FY2021.

Income tax credit for FY2021 was approximately HK$28.7 million, which was comprised of the income tax of interest income from Hangzhou Receivable, and the reversal of deferred tax arising from the reversal of impairment losses under expected credit loss model, as compared to income tax credit of approximately HK$9.3 million for FY2020.

Taking into account of the income tax expenses mentioned above and netting of non-controlling interests, the Remaining Group recorded the loss attributable to owners of the Remaining Group increased from gain approximately HK$29.5 million for FY2020 to loss approximately HK$308.4 million for FY2021.

Business Review

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

(1) Property Investment

Shopping Mall Businesses in the PRC

On 24 December 2020, a wholly-owned subsidiary of the Remaining Group entered into two conditional share purchase agreements with Stone Wealth Limited ("**Vendor**") for the acquisitions of (i) the entire issued share capital of Sky Build Limited ("**Sky Build**"), which indirectly holds the 100% equity interests in Jinzhou Jiachi (together with Sky Build and its wholly-owned subsidiaries, "**Jinzhou Target Group**") at a cash consideration of RMB554 million. Jinzhou Jiachi, which holds a single-storey underground mall ("**Jinzhou Shopping Mall**") located in Jinzhou, Liaoning Province, the PRC, is engaged in the shopping mall business ("**Jinzhou Shopping Mall Business**"); and (ii) the entire issued share capital of Superb Power Enterprises Limited ("**Superb Power**"), which indirectly holds the 100% equity interests in Guangzhou Rongzhi, together with Superb Power and its wholly-owned subsidiaries, "**Guangzhou Target Group**"), and the settlement was by way of the novation to the Remaining Group of the repayment obligations of the current account balances of Guangzhou Rongzhi due from a group of related companies/parties (which are controlled by the ultimate beneficial owner of the Vendor) in the amount of RMB1,437 million as at 30 September 2020. Guangzhou Rongzhi, which holds a two-storey underground mall ("**Guangzhou Shopping Mall**") located in Guangzhou, Guangdong Province, the PRC, is engaged in the shopping mall business ("**Guangzhou Shopping Mall Business**").

Subsequently, the completion of the two aforementioned acquisitions (collectively, "**Acquisitions**") took place on 23 April 2021. Upon the completion of the Acquisitions, Jinzhou Target Group and Guangzhou Target Group became the wholly-owned subsidiaries of the Remaining Group and their financial performances were consolidated into the accounts of the Remaining Group, and Jinzhou Shopping Mall and Guangzhou Shopping Mall have been accounted for as investment properties held by the Remaining Group, details of which were set out in the announcements of the Remaining Group dated 24 December 2020, 8

February 2021 and 23 April 2021 and the circular of the Remaining Group dated 26 March 2021, respectively.

On 27 October 2021, a wholly-owned subsidiary of the Remaining Group and the Vendor, entered into a share purchase agreement to purchase the entire issued share capital of Willease Limited which indirectly owns 100% issued share capital in the Anyang Jiangchuan Public Facilities Co., Ltd.* 安陽江川公共設施有限公司 ("**Anyang Jiangchuan**") (together with Willease and its wholly owned subsidiaries as "**Anyang Target Group**"), for a base consideration of RMB370,000,000. Anyang Jiangchuan, which owns a two-storey underground mall (the "**Anyang Shopping Mall**") located in Anyang city, Hunan Province, the PRC, is engaged in the shopping mall business ("**Anyang Shopping Mall Business**"). The acquisition of the Anyang Target Group was completed in November 2021. After completion of the acquisition, Anyang Target Group became the wholly-owned subsidiaries of the Remaining Group and its results were consolidated into the accounts of the Remaining Group, and the Anyang Shopping Mall has been accounted for as investment property held by the Remaining Group, details of which were set out in the announcement of the Remaining Group dated 27 October 2021 and the circular of the Remaining Group dated 30 November 2021, respectively.

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

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

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stories. For FY2021, completion of pre-existing contracts prior to the acquisition of the Guangzhou Shopping Mall in 2021 led to revenue generated from the transfer of the operating rights of store units of the mall. Revenue is normally recognised when the control of operating right is transferred and a delivery confirmation is signed by the purchaser. Property management fees remained chargeable by the Remaining Group for sold floor areas.

The purchasers are predominantly individual investors or tenants who are merchants operating their retail businesses in the store units. They are third parties independent of the Remaining Group and its connected persons. The consideration for the sale of the operating rights are based on among others, market going rates per sq. m., with reference to similar retail shopping mall or commercial properties in the proximity of the Guangzhou Shopping Mall. The duration of use is normally for a period up to 35 years during which the purchasers have the right to lease out the stores of resale, subject to prior consent of Guangzhou Rongzhi being first obtained.

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

Prior to the acquisitions of the three shopping malls, the Remaining Group experienced diminishing revenue and deteriorated operations across various business segments as a result of reduced demand for products and services in various business segments and regions due to lockdown restrictions caused by COVID-19 outbreak. Against the pandemic and its impact on the economies, the Directors of the Remaining Group considered that a diversified business strategy would be the key in remedying the low level of operations of the Remaining Group prior to such acquisitions and turning around its financial performance. In addition, the Directors consider that the three acquisitions above will provide stable operating profit and cash flow and serve as an imminent remedy for the enhancement of the operation level of the Remaining Group, and the Remaining Group is expected to benefit from the advantages of integrating the Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall.

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 31 December 2021, details of the three shopping malls are set out as follows:

Shopping Mall	**Gross Floor Area** *(approximately sq.m.)*	**Leasable Floor Area** *(approximately sq.m.)*	**Leased Floor Area** *(approximately sq.m.)*
Anyang Shopping Mall Anyang Diyi Shopping Street Shopping Mall in the PRC	25,310	24,815	17,924
Jinzhou Shopping Mall Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	36,140
Guangzhou Shopping Mall Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,570	18,747

For the period from the respective completion dates of the three acquisitions to 31 December 2021, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants, and sale of operating rights of store units of approximately HK$260.4 million, of which approximately HK$217.8 was contributed by the sales of operating rights of store units of the Guangzhou Mall which is revenue nature and generated in the ordinary and usual course of business of the Remaining Group. The sales of operating rights of the stores are part of the ordinary and usual course of business of the Remaining Group, as such transactions arose from certain terms of the contracts with the tenants of the Guangzhou Shopping Mall and/or through sales promotion and leasing activites of the leasing team of Guangzhou Rongzhi. Although sales revenue were recognised during the financial year ended 31 December 2021, such revenue arose from pre-existing contracts for the sale of operating rights of the stores which were entered into previously when the Guangzhou Shopping Mall was under the vendor's control and the sales formed part of the ordinary and usual course of business of Guangzhou Rongzhi.

The reporting accountant of the Remaining Group has confirmed that accounting for the sales of operating rights of stores in Guangzhou Shopping Mall as revenue in the ordinary and usual course of business of the Remaining Group is in accordance with generally acceptable accounting standards. As the sales were revenue in nature, the value-added tax payable on such revenue were also revenue in nature and as the sale of operating rights of stores is not a sale of land use right, no land capital gain tax has been paid or requested to be paid.

The Guangzhou Shopping Mall is an underground civil air defense property of the PRC. Given such nature of the property, the transfer of the operating rights of the stores in the shopping mall is not a sale of land use rights, but a sale of operating rights of the stores. Upon the completion of the Acquisitions, the Guangzhou Shopping Mall has also been held and accounted for as investment property by the Remaining Group, as the stores are either leased or the operating rights (and not the land title) of which are transferred and accordingly they were not accounted for as inventories.

As at 31 December 2021, the fair values of investment properties of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall amounted to approximately HK$615.2 million, approximately HK$841.4 million and approximately HK$2,027.9 million, respectively.

As such, the overall segment results were therefore a loss of approximately HK$274.2 million, which was mainly due to decrease in fair value of investment properties of approximately HK$156 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic and a finance costs of approximately HK$122.3 million during FY2021, which was due to the addition bank loan of approximately RMB1,370.0 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Remaining Group commenced the trading business of flooring materials with overseas customers in second half of 2021 and recorded revenue of HK$25.3 million for FY2021.

The Remaining Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Remaining Group operates in a highly competitive market.

Sales of many of the non-pandemic related optical medical devices were suspended during the lockdown period amid COVID-19 pandemic in the first half of 2020. The lockdown measures were gradually lifted from the end of 2020 to the early of 2021 when the COVID-19 pandemic was contained. Nevertheless, sales of Medical Products were negatively affected by the COVID-19 pandemic. The revenue for FY2021 decreased to approximately HK$17.5 million, represented a decrease of 14.6% as compared with approximately HK$20.5 million of FY2020. The segment loss for FY2021 increased by 27.8% to approximately HK$2.3 million, as compared to a loss of approximately HK$1.8 million for FY2020.

(3) Mining and Exploitation of Natural Resources

Currently, the Remaining Group holds four mining right licences ("**Mining Rights**") of three tungsten projects in Mongolia. The segment of mining and exploitation of natural resources business recorded no revenue during FY2021 as numerous investors who we approached have suspended their negotiations with us due to the COVID-19 pandemic and the subsequent lockdown measures. In view of various factors including the closure of factories, suspension of production lines and therefore the lower market demand resulting from the resurgence of COVID-19 and the constant virus mutations, some of the potential mining partners or investors had lost interest in investing in this segment during FY2021.

Various anti-COVID-19 measures have caused difficulties in logistics and significant increase in mining and delivery costs, coupled with the uncertainty of natural content and the prolonged period from mining to sales, have negatively affected the valuation of the Mining Rights.

The forecasted revenue/cost margin of the tungsten mining projects has therefore decreased, lowering the commercial viability for the Remaining Group to perform mining operations and productions on its own. With reference to the valuation of the Mining Rights under the existing forecast model and the information available to the Remaining Group up to the Latest Practicable Date, the carrying values of the Mining Rights was further impaired from approximately HK$81.8 million as at 31 December 2020 to approximately HK$18.7 million as at 31 December 2021. As a result, impairment losses of the Mining Rights amounting to approximately HK$63.1 million for FY2021 is recognised. For FY2020, the impairment losses of the Mining Rights were approximately HK$92.2 million. Meanwhile, the Remaining Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Asset Management

No segment revenue was recorded as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by repeated resurgence of COVID-19 pandemic and the elevated China-US tension. The Remaining

Group has adopted a prudent approach in financial investments during FY2021. As such, the segment loss for FY2021 was approximately HK$1.7 million, compared with the segment loss of approximately HK$5.5 million for last year. The status of each of businesses in this segment is further discussed as below.

Financial services

The Remaining Group has obtained a money lenders licence under the Money Lenders Ordinance, Chapters 163 of the Laws of Hong Kong through a wholly-owned subsidiary in August 2020, and the relevant operation procedures and other preparation works have been completed. Given that the acquisitions of the Shopping Mall Businesses in the PRC were completed in FY2021 and we are expected to retain funds to develop other new property-related businesses, the commencement of money lending business will be postponed until the new business has showed signs of stabilisation and the resources of the Remaining Group continue to grow and accumulate. The Directors will closely monitor the development of our various business segments and strategically allocate corporate resources with an aim to maximise the Remaining Group's shareholders returns.

Distressed debt assets management

The Remaining Group recorded no net investment gain or loss in its distressed debt assets management business for FY2021 due to no transaction of acquisition or disposal of distressed debt assets has been conducted under increasing risk of economic downturn amid COVID-19 pandemic. The price of distressed debt assets including non-performing loans fell to a relatively low level in 2020, and is expected to remain low in the foreseeable future, due to abundant supply in the market.

After careful assessment of various risks in the distressed debt assets market, the Directors were of the view that acquisitions of these distressed debt assets may not be considered as appropriate for the time being, due to the increased associated risks yet lowered returns for uncertain recovering period. As a result, the business incurred a loss of approximately HK$2.6 million for FY2021, mainly representing the overhead costs of the business operation, whereas the loss of FY2020 was approximately HK$3.7 million. The Directors will continue to assess whether the Remaining Group should continue to engage in distressed assets investment and if so, the timing for such investment.

Securities investment

Benefiting from the strategic geographical location of Hong Kong and the development of the PRC investment market, the Remaining Group carried out securities investment business in the secondary market with its internal funds.

With listed shares of large-scale and quality companies as primary investment targets, the Remaining Group aims to pursue capital appreciation and stable dividend income.

As at 31 December 2021, the carrying value of the investment portfolio (accounted for as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position) was approximately HK$8.5 million, up by approximately 7.6% than of approximately HK$7.9 million as at 31 December 2020. The holding of such listed securities investments remained unchanged and they were all listed equity securities in Hong Kong, none of which was with a carrying value of 5% or more of the total assets of the Remaining Group.

The value of the Hong Kong-listed securities investment portfolio of the Remaining Group increased. A net investment income on the fair value amounting to approximately HK$1.0 million was recorded for FY2021, as compared to a net investment loss of approximately HK$1.8 million in FY2020.

Financial Review

Capital structure

As at 31 December 2021, the consolidated net asset of the Remaining Group was approximately HK$1,279.1 million, representing a decrease of approximately HK$272.2 million as compared to that of approximately HK$1,551.3 million as at 31 December 2020. There is no shares movement since the end of the last year. As at 31 December 2021, the Remaining Group has 5,250,019,852 shares of HK$0.05 each in issue and the total equity attributable to owners of the Remaining Group was approximately HK$1,227.0 million (as at 31 December 2020: approximately HK$1,548.7 million).

Liquidity and financial resources

As at 31 December 2021, the Remaining Group's bank balances and cash were approximately HK$246.4 million (as at 31 December 2020: approximately HK$484.0 million), current assets of approximately HK$380.6 million (as at 31 December 2020: approximately HK$1,460.7 million), current liabilities of approximately HK$2,139 million (as at 31 December 2020: approximately HK$131.2 million). The current ratio was 0.18 times *(Note 1)* (as at 31 December 2020: 11.13 times). As at the end of FY2021, the net current liabilities of the Remaining Group were approximately HK$1,758.4 million (as at 31 December 2020: the net current assets of approximately HK$1,329.5 million).

For FY2021, the total debt financing of the Remaining Group was approximately HK$1,678.6 million (as at 31 December 2020: approximately HK$3.6 million), and there was no non-current debt financing for FY2021 (as at 31 December 2020: nil). The net debt *(Note 2)* of the Remaining Group was approximately HK$1,432.3 million (as at 31 December 2020: negative net debt of approximately HK$480.3 million) and the total equity was approximately HK$1,279.1 million (as at 31 December 2020: approximately HK$1,551.3 million). Therefore, the gearing ratio *(Note 3)* as at the end of FY2021 was 1.31 (as at 31 December 2020: 0.002).

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings – Bank balances and cash

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

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

Capital commitments

As at 31 December 2021, the Remaining Group has no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2020: nil).

Charges on group assets

As at 31 December 2021, the Remaining Group's bank borrowings of approximately HK$1,675.6 million were secured by certain assets of the Remaining Group, including investment properties and the equity interest of a wholly-owned subsidiary (as at 31 December 2020: nil).

Contingent liabilities

As at 31 December 2021, the Remaining Group had no material contingent liabilities (as at 31 December 2020: nil).

Foreign exchange exposure

The Remaining Group's financial statements are denominated in HKD, while the Remaining Group is conducting business mainly in HKD, USD, GBP and RMB. Since exchange rates of HKD is pegged to USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the UK and the PRC subsidiaries of the Remaining Group are mainly denominated in GBP and RMB respectively, there were exchange risks during financial settlement at the end of FY2021 in this regard.

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

Employees and remuneration policies

As at 31 December 2021, the Remaining Group had 184 (as at 31 December 2020: 28) employees, of whom approximately 11.4% (as at 31 December 2020: 85.7%) were located in Hong Kong and the rest were located in the PRC.

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

C. For the year ended 31 December 2022

The revenue of the Remaining Group for FY2022 was approximately HK$148.6 million, representing a significant decrease of 51.2% as compared to revenue of approximately HK$304.2 million for FY2021, such decrease was mainly contributed by decrease in revenue attributable to sale of stores' operating rights generated from the shopping mall businesses in the PRC in the ordinary and usual course of business of the Remaining Group, mitigated by the increase in revenue from sales of flooring materials. Revenue decreased substantially and notwithstanding the Remaining Group actively implemented continuous cost saving plan, the Remaining Group still recorded a loss before tax of approximately HK$1,568.0 million during FY2022, increased by 364.3% as compared with the loss before tax of HK$337.7 million in FY2021, with the combined effect of:

(i) a decrease in fair value of investment properties to approximately HK$648 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic;

(ii) an increase in finance costs from approximately HK$122.3 million for FY2021 to approximately HK$169.5 million during FY2022, which was due to the bank loans of approximately RMB1,350.0 million in connection to the acquisition of Guangzhou Shopping Mall (as defined below);

(iii) impairment on intangible assets of HK$41.5 million; and

(iv) provision for guarantee contracts of approximately HK$683.5 million during FY2022, which was due to guarantees provided by immediate holding companies of the Guangzhou Shopping Mall and Jinzhou Shopping Mall (as defined below). The guarantees were provided to onshore banks in the PRC in relation to third party loans and such guarantees were not disclosed to the Remaining Group by the seller at the time of acquisition of the holding companies of the two shopping malls.

Income tax credit for FY2022 was approximately HK$150.7 million. Taking into account the income tax mentioned above and netting of non-controlling interests, the Remaining Group recorded the loss attributable to owners of the Remaining Group increasing from approximately HK$308.4 million for FY2021 to approximately HK$1,416.8 million for FY2022.

Business Review

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

(1) Property Investment

Shopping Mall Businesses in the PRC

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

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

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

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stores. For FY2022, there was no further completion of pre-existing contracts prior to the acquisition of the holding company of the Guangzhou Shopping Mall in 2021 due to COVID-19, which led to no revenue recorded (2021: approximately HK$217.8 million) from the transfer of the operating rights of store units of the mall.

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

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 31 December 2022, details of the three shopping malls are set out as follows:

Shopping Mall	**Gross Floor Area** *(approximately sq.m.)*	**Leasable Floor Area** *(approximately sq.m.)*	**Leased Floor Area** *(approximately sq.m.)*
Anyang Shopping Mall Anyang Diyi Shopping Street Shopping Mall in the PRC	25,310	24,815	17,924
Jinzhou Shopping Mall Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	35,055
Guangzhou Shopping Mall Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,570	17,142

For FY2022, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants of approximately HK$55.8 million.

As at 31 December 2022, the fair values of investment properties of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall amounted to approximately HK$474 million, approximately HK$662 million and approximately HK$1,462 million respectively.

As such, the overall segment results were therefore a loss of approximately HK$1,520.6 million, representing an increase of approximately 454.5% as compared to the loss of approximately HK$274.2 million in FY2021, which was mainly due to provision for guarantee contracts of approximately HK$683.5 million, decrease in fair value of investment properties of approximately HK$648.0 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic and finance costs of approximately HK$169.5 million during FY2022, which was due to the bank loan of approximately RMB1,350.0 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Remaining Group commenced the trading business of flooring materials with overseas customers in second half of 2021 and recorded revenue of approximately HK$83.4 million for FY2022, representing an increase of 229.6%, as compared to approximately HK$25.3 million over FY2021. The Remaining Group has made sales of flooring board materials to overseas customers by exporting to markets including the United States and India. Leveraging on the potential synergies with the Remaining Group's Shopping Mall Business in the PRC, we expect to capitalise on the shopping mall tenants and customer networks to develop and expand our domestic sales of flooring, ceiling and other decorative materials.

The Remaining Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"), the Remaining Group operates in a highly competitive market. Sales of Medical Products were still negatively affected by the COVID-19 pandemic. The revenue for FY2022 decreased to approximately HK$9.9 million, represented a decrease of 43.4% as compared with approximately HK$17.5 million of FY2021. The segment gain for medical equipment trading business for FY2022 was approximately HK$0.3 million, as compared to a loss of approximately HK$2.3 million for FY2021.

(3) Mining and Exploitation of Natural Resources

Currently, the Remaining Group holds four mining right licences ("**Mining Rights**") of three tungsten projects in Mongolia. The segment of mining and exploitation of natural resources business recorded no revenue during FY2022 as numerous investors who we approached have suspended their negotiations with us due to the COVID-19 pandemic and the subsequent lockdown measures. In view of various factors including the closure of factories, suspension of production lines and therefore the lower market demand resulting from the resurgence of COVID-19, some of the potential mining partners or investors had lost interest in investing in this segment during FY2022.

The carrying values of the Mining Rights was approximately HK$18.7 million as at 31 December 2022. The Remaining Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Assets Management

No segment revenue was recorded as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by repeated resurgence of COVID-19 pandemic and the China-US tension. The Remaining Group has adopted a prudent approach in financial investments during FY2022. As such, the segment loss for FY2022 was approximately HK$3.5 million, compared with the segment loss of approximately HK$1.7 million for FY2021. The status of each of the business in this segment is further discussed as below.

Financial services

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

Distressed debt assets management

The business incurred a loss of approximately HK$2.8 million for FY2022, mainly representing the overhead costs of the business operation, whereas the loss of FY2021 was approximately HK$2.6 million. The Directors will continue to assess whether the Remaining Group should continue to engage in distressed assets investment.

Securities investment

The Remaining Group sold majority of its securities investments in FY2022, a net investment loss of approximately HK$0.5 million was recorded for FY2022, as compared to a net investment income of approximately HK$1.0 million in FY2021.

Financial Review

Capital structure

As at 31 December 2022, the consolidated net liabilities of the Remaining Group was approximately HK$133.8 million, representing a decrease of approximately HK$1,412.9 million as compared to that net assets of approximately HK$1,279.1 million as at 31 December 2021. There is no shares movement since the end of the last year. As at 31 December 2022, the Remaining Group has 5,250,019,852 shares of HK$0.05 each in issue and the total deficit to owners of the Remaining Group was approximately HK$135.3 million (as at 31 December 2021: equity attributable to owners approximately HK$1,277.0 million).

Liquidity and financial resources

As at 31 December 2022, the Remaining Group's bank balances and cash were approximately HK$215.4 million (as at 31 December 2021: approximately HK$246.4 million), current assets of approximately HK$340.0 million (as at 31 December 2021: approximately HK$380.6 million), current liabilities of approximately HK$2,776.5

million (as at 31 December 2021: approximately HK$2,139.0 million). The current ratio was 0.12 times *(Note 1)* (as at 31 December 2021: 0.18 times). As at the end of FY2022, the net current liabilities of the Remaining Group were approximately HK$2,436.5 million (as at 31 December 2021: the net current liabilities of approximately HK$1,758.4 million).

As at 31 December 2022, the total debt financing of the Remaining Group was approximately HK$1,533.3 million (as at 31 December 2021: approximately HK$1,678.6 million), and there was no non-current debt financing for FY2022 (as at 31 December 2021: nil).

As at 31 December 2022, net debt *(Note 2)* of the Remaining Group was approximately HK$1,317.9 million (as at 31 December 2021 net debt of approximately HK$1,432.3 million) and the total deficit was approximately HK$133.8 million (as at 31 December 2021: total equity approximately HK$1,279.1 million). Therefore, the gearing ratio *(Note 3)* as at the end of FY2022 was -11.46 (as at 31 December 2021: 1.31). The objective of the Remaining Group's funding and treasury management activities is to ensure a sufficient liquidity to meet operational needs and various investment plans.

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings – Bank balances and cash

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

Capital commitments

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

Charges on group assets

As at 31 December 2022, the Remaining Group's bank borrowings of approximately HK$1,528 million were secured by certain assets of the Remaining Group, including investment properties and the equity interest of a wholly-owned subsidiary (as at 31 December 2021: approximately HK$1,675.6 million).

Contingent liabilities

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

Foreign exchange exposure

The Remaining Group's financial statements are denominated in HKD, while the Remaining Group is conducting business mainly in HKD, United States Dollar ("**USD**"), GBP and RMB. Since exchange rates of HKD is pegged to USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the UK and the PRC subsidiaries of the Remaining Group are mainly denominated in GBP and RMB respectively, there were exchange risks during financial settlement at the end of FY2022 in this regard.

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

Employees and remuneration policies

As at 31 December 2022, the Remaining Group had 161 (as at 31 December 2021: 184) employees, of whom approximately 9.3% (as at 31 December 2021: 11.4%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

D. For the six months period ended 30 June 2023

Financial Performance

The revenue of the Remaining Group for the six months period ended 30 June 2023 was approximately HK$98.8 million, representing a 11% increment as compared to revenue of approximately HK$89.1 million for the period ended 30 June 2022, such increase was mainly contributed by the increase in revenue generated from (i) properties management and related services; and (ii) sales of medical equipment in the People's Republic of China ("**China**" or "**PRC**") in the ordinary and usual course of business of the Remaining Group, partially offset by the decrease in revenue from sales of flooring materials. Revenue increased and notwithstanding the Remaining Group actively implementing its continuous cost saving plan, the Remaining Group still recorded a loss before tax of approximately HK$741.6 million during the six months period ended 30 June 2023, increased by 131.8% as compared with the loss before tax of approximately HK$319.9 million in the same period ended 30 June 2022, due to the combined effect of:

(i) a decrease in fair value of investment properties to approximately HK$423.8 million resulting from the adverse impact post COVID-19 pandemic;

(ii) provision for guarantee contracts of approximately HK$248.6 million during the six months period ended 30 June 2023, which was due to guarantees provided by immediate holding companies of the Guangzhou Shopping Mall and Jinzhou Shopping Mall (as defined below). The guarantees were provided to onshore banks in the PRC in relation to third party loans and such guarantees were not disclosed to the Remaining Group by the seller at the time of acquisition of the holding companies of the two shopping malls.

Income tax credit for the six months period ended 30 June 2023 was approximately HK$112.2 million.

Taking into account the income tax mentioned above and netting of non-controlling interests, the Remaining Group recorded the loss attributable to owners of the Remaining Group increasing from approximately HK$269.3 million for the same period ended 30 June 2022 to approximately HK$629.8 million for the six months period ended 30 June 2023.

Business Review

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

(1) Property Investment

Shopping Mall Businesses in the PRC

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

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

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

In addition, as to the Guangzhou Shopping Mall, under certain contracts with its tenants, the operating rights of the stores may be transferred to them after a specified period of the lease. This and the sales promotion and leasing activities by the leasing team of the Guangzhou Shopping Mall generate additional revenue from the transfer of operating rights of the stores. For the six months period ended 30 June 2023, there was no further completion of pre-existing contracts prior to the acquisition of the holding company of the Guangzhou Shopping Mall in 2021 due to COVID-19, which led to no revenue recorded (six months ended 30 June 2022: Nil) from the transfer of the operating rights of store units of the mall.

The Remaining Group has been undertaking a diversified business strategy. The acquisitions of three shopping malls in Anyang, Jinzhou and Guangzhou that completed in 2021 are in line with the strategic development of the Remaining

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

The Shopping Mall Businesses in the PRC primarily involve the leasing and management of operations of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall. As of 30 June 2023, details of the three shopping malls are set out as follows:

Shopping Mall	**Gross Floor Area** *(approximately sq.m.)*	**Leasable Floor Area** *(approximately sq.m.)*	**Leased Floor Area** *(approximately sq.m.)*
Anyang Shopping Mall Anyang Diyi Shopping Street Shopping Mall in the PRC	25,310	24,815	13,343
Jinzhou Shopping Mall Jinzhou First Tunnel Shopping Mall in the PRC	40,765	38,809	32,372
Guangzhou Shopping Mall Guangzhou First Tunnel Shopping Mall in the PRC Phases 1 and 2	89,415	37,571	20,921

For the six months period ended 30 June 2023, the revenue generated from the Shopping Mall Businesses in the PRC was mainly attributable to the rental income and property management and related service income from shops and venue spaces tenants of approximately HK$35.4 million.

As at 30 June 2023, the fair values of investment properties of Anyang Shopping Mall, Jinzhou Shopping Mall and Guangzhou Shopping Mall amounted to approximately HK$369.7 million, approximately HK$586.9 million and approximately HK$1,121.6 million respectively.

As such, the overall segment results were therefore a loss of approximately HK$729.8 million, representing an increase of approximately 142.8% as compared to the loss of approximately HK$300.5 million in the same period ended 30 June 2022, which was mainly due to provision for guarantee contracts of approximately HK$248.6 million, decrease in fair value of investment properties of approximately HK$423.8 million resulting from the lingering adverse impact of the outbreak of COVID-19 pandemic and finance costs of approximately HK$81.1 million for the six months period ended 30 June 2023, which was due to the bank loan of approximately RMB1,345 million in connection to the acquisition of Guangzhou Shopping Mall.

(2) Flooring Materials and Medical Equipment Trading

The Remaining Group commenced the trading business of flooring materials with overseas customers in second half of 2021 and recorded revenue of approximately HK$43.8 million for the six months period ended 30 June 2023, representing a decrease of approximately 22.3%, as compared to approximately HK$56.4 million over the same period ended 30 June 2022. The Remaining Group has made sales of flooring board materials to overseas customers by exporting to markets in the United States. Leveraging on the potential synergies with the Remaining Group's Shopping Mall Business in the PRC, we expect to capitalise on the shopping mall tenants and customer networks to develop and expand our domestic sales of flooring, ceiling and other decorative materials.

The Remaining Group carries out medical equipment trading business in China for which the majority customers are hospitals. As the selling products are mostly general medical equipment, consumable goods and optical medical devices and the related parts ("**Medical Products**"). The revenue for the six months period ended 30 June 2023 increased to approximately HK$19.6 million, represented an increase of approximately 326.1% as compared with approximately HK$4.6 million of the same period ended 30 June 2022. The segment gain for medical equipment trading business for the six months period ended 30 June 2023 was approximately HK$1.7 million, as compared to a loss of approximately HK$2.4 million for the same period ended 30 June 2022.

(3) Mining and Exploitation of Natural Resources

Currently, the Remaining Group holds four mining right licences ("**Mining Rights**") of three tungsten projects in Mongolia. The segment of mining and exploitation of natural resources business recorded no revenue during the six months period ended 30 June 2023 as numerous investors who we approached have suspended their negotiations with us due to the COVID-19 pandemic and the subsequent lockdown measures. In view of various factors including the closure of factories, suspension of production lines and therefore the lower market demand resulting from the resurgence of COVID-19, some of the potential mining partners or investors had lost interest in investing in this segment during the six months period ended 30 June 2023.

The carrying values of the Mining Rights was approximately HK$18.7 million as at 30 June 2023. The Remaining Group is still continuously identifying potential investors to negotiate the sales of the Mining Rights.

(4) Financial Services and Assets Management

No segment revenue was recorded as the prospect and market condition were yet to be certain, especially in light of the economic recovery affected by lingering effect of the COVID-19 pandemic and the China-US tension. The Remaining Group has adopted a prudent approach in financial investments during the six months period ended 30 June 2023. As such, the segment loss for the six months period ended 30 June 2023 was approximately HK$1.3 million, compared with the segment loss of approximately HK$0.9 million for the same period ended 30 June 2022. The status of each of the business in this segment is further discussed as below.

Financial services

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

Distressed debt assets management

The business incurred a loss of approximately HK$1.2 million for the six months period ended 30 June 2023, mainly representing the overhead costs of the business operation, whereas the loss of the same period ended 30 June 2022 was approximately HK$1.0 million. The directors of the Remaining Group (the "**Directors**") will continue to assess whether the Remaining Group should continue to engage in distressed assets investment.

Securities investment

The Remaining Group reported no transaction for its securities investments in the six months period ended 30 June 2023, no investment gain/loss was recorded for the six months period ended 30 June 2023, as compared to a net investment income of approximately HK$0.1 million in the same period ended 30 June 2022.

Financial Review

Capital structure

As at 30 June 2023, the consolidated net liabilities of the Remaining Group was approximately HK$801.5 million, representing an increase of approximately HK$667.7 million as compared to that net liabilities of approximately HK$133.8 million as at 31 December 2022. There is no shares movement since the end of the six months period ended 30 June 2023. As at 30 June 2023, the Remaining Group has 5,250,019,852 shares of HK$0.05 each in issue and the total deficit to owners of the Remaining Group was HK$803.4 million (as at 31 December 2022: deficit approximately HK$135.3 million).

Liquidity and financial resources

As at 30 June 2023, the Remaining Group's bank balances and cash were approximately HK$174.4 million (as at 31 December 2022: approximately HK$215.4 million), its current assets was approximately HK$284.8 million (as at 31 December 2022: approximately HK$340 million), and its current liabilities was approximately HK$2,987.9 million (as at 31 December 2022: approximately HK$2,776.5 million). The current ratio was 0.10 times *(Note 1)* (as at 31 December 2022: 0.12 times). As at the end of the six months period ended 30 June 2023, the net current liabilities of the Remaining Group were approximately HK$2,703.1 million (as at 31 December 2022: net current liabilities of approximately HK$2,436.5 million).

As at 30 June 2023, the total debt financing of the Remaining Group was approximately HK$1,457.9 million (as at 31 December 2022: approximately HK$1,533.3 million), and there was no non-current debt financing as at 30 June 2023 (as at 31 December 2022: nil).

As at 30 June 2023, net debt *(Note 2)* of the Remaining Group was approximately HK$1,283.5 million (as at 31 December 2022: net debt of approximately HK$1,317.9 million) and the total deficit was approximately HK$801.5 million (as at 31 December 2022: total deficit approximately HK$133.8 million). Therefore, gearing ratio *(Note 3)* as at the end of the six months period ended 30 June 2023 was -1.82 (as at 31 December 2022: gearing ratio -11.46).

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

Notes:

1. Current ratio = Current assets/Current liabilities

2. Net debt = Borrowings – Bank balances and cash

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

Capital commitments

As at 30 June 2023, the Remaining Group has no material capital commitments and was not engaged in any future plans concerning major investment or acquisition of capital assets (as at 31 December 2022: nil).

Charges on group assets

As at 30 June 2023, the Remaining Group's bank borrowings of approximately HK$1,453.9 million were secured by certain assets of the Remaining Group, including investment properties and the equity interest of a wholly-owned subsidiary of the Remaining Group (as at 31 December 2022: approximately HK$1,528 million).

Contingent liabilities

As at 30 June 2023, the Remaining Group had no material contingent liabilities (as at 31 December 2022: nil).

Foreign exchange exposure

The Remaining Group's financial statements are denominated in HKD, while the Remaining Group is conducting business mainly in HKD, USD, GBP and RMB. Since exchange rates of HKD is pegged to USD, there is no material exchange risk in respect of USD assets and transactions. However, the assets, liabilities and transactions of the UK and the PRC subsidiaries of the Remaining Group are mainly denominated in GBP and RMB respectively, there were exchange risks during financial settlement at the end of the six months period ended 30 June 2023 in this regard.

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

Employees and Remuneration Policies

As at 30 June 2023, the Remaining Group had 149 (as at 31 December 2022: 161) employees, of whom approximately 10.1% (as at 31 December 2022: 9.3%) were located in Hong Kong and the rest were located in the PRC and overseas.

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

E. Segmental information for FY2020, FY2021, FY2022 and for the period ended 30 June 2023

The Remaining Group is principally engaged in medical equipment trading, flooring material trading, mining and exploitation of natural resources, property investment in PRC and financial services and asset management.

A summary of the revenue and segment results of each business of the Remaining Group for the years ended 31 December 2020, 2021, 2022 and 30 June 2023 is as follows:

	Medical equipment trading *HK$'000*	Flooring material trading *HK$'000*	Mining and exploitation of nature resources *HK$'000*	Property investment in PRC *HK$'000*	Financial service and asset magt *HK$'000*	Central unallocated items *HK$'000*	Total *HK$'000*
For the year ended 31 December 2020							
Segment revenue	20,490	–	–	–	–	–	20,490
Segment net investment losses	–	–	–	–	(1,832)	–	(1,832)
Total	20,490	–	–	–	(1,832)	–	18,658
Segment results – Profit/(loss) before tax	(1,792)	–	(93,876)	–	(5,504)	120,877	19,705
For the year ended 31 December 2021							
Segment revenue	17,462	25,317	–	260,435	–	–	303,214
Segment net investment gains	–	–	–	–	977	–	977
Total	17,462	25,317	–	260,435	977	–	304,191
Segment results – Profit/(loss) before tax	(2,304)	14	(64,294)	(274,212)	(1,668)	4,717	(337,747)
For the year ended 31 December 2022							
Segment revenue	9,864	83,383	–	55,834	–	–	149,081
Segment net investment losses	–	–	–	–	(512)	–	(512)
Total	9,864	83,383	–	55,834	(512)	–	148,569
Segment results – Profit/(loss) before tax	252	(4,890)	(731)	(1,520,553)	(3,487)	(38,582)	(1,567,991)
For the period ended 30 June 2023							
Segment revenue	19,609	43,847	–	35,363	–	–	98,819
Segment net investment losses	–	–	–	–	–	–	–
Total	19,609	43,847	–	35,363	–	–	98,819
Segment results – Profit/(loss) before tax	1,674	351	(445)	(729,825)	(1,301)	(12,022)	(741,568)

The revenue of the Ramaining Group was approximately HK$18.7 million, HK$304.2 million, HK$148.6 million and HK$98.9 million for FY2020, FY2021, FY2022 and for the period ended 30 June 2023 respectively.

The revenue of the Remaining Group increased from approximately HK$18.7 million in FY2020 by approximately 1,530.4% to approximately HK$304.2 million in FY2021 mainly attributable to the the rental income and property management and related services income, and revenue from the sale of operating rights of the store units generated from the newly acquired shopping mall businesses in the PRC.

The revenue of the Remaining Group decreased from approximately HK$304.2 million in FY2021 by approximately 51.2% to approximately HK$148.6 million in FY2022 mainly contributed by decrease in revenue attributable to sale of stores' operating rights generated from the shopping mall businesses in the PRC in the ordinary and usual course of business of the Group, mitigated by the increase in revenue from sales of flooring materials.

The revenue of the Remaining Group for the Period ended 30 June 2023 was approximately HK$98.8 million, representing a 11% increment as compared to revenue of approximately HK$89.1 million for the period ended 30 June 2022, such increase was mainly contributed by the increase in revenue generated from (i) properties management and related services; and (ii) sales of medical equipment in the People's Republic of China ("**China**" or "**PRC**") in the ordinary and usual course of business of the Group, partially offset by the decrease in revenue from sales of flooring materials.

Profit/(loss) before tax of the Remaining Group was approximately HK$19.7 million, (HK$337.7 million), (HK$1,568.0 million) and (HK$741.6 million) for the FY2020, FY2021, FY2022 and for the period ended 30 June 2023 respectively.

Profit before tax of the Remaining Group significant decreased from approximately HK$19.7 million in FY2020 by approximately 1,814% to loss before tax to approximately HK$337.7 million in FY2021 mainly decrease in fair value of investment properties of approximately HK$156 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic. An increase in impairment losses on mining rights to approximately HK$63.1 million. An increase in finance costs HK$122 million during FY2021, which was due to the addition bank loans of approximately RMB1,370.0 million in connection to the acquisition of Guangzhou Shopping Mall.

Loss before tax of the Remaining Group significant increased from approximately HK$337.7 million in FY2021 by approximately 364.3% to approximately HK$1,568.0 million in FY2022 mainly attributable to a decrease in fair value of investment properties to approximately HK$648 million resulting from the continuous adverse impact of the outbreak of COVID-19 pandemic. Provision for guarantee contracts of approximately HK$683.5 million during FY2022, which was due to guarantees provided by immediate holding companies of the Guangzhou Shopping Mall and Jinzhou Shopping Mall (as defined below). The guarantees were provided to onshore banks in the PRC in relation to third party loans and such guarantees were not disclosed to the Group by the seller at the time of acquisition of the holding companies of the two shopping malls.

The Remaining Group recorded a loss before tax of approximately HK$741.6 million during the Period ended 30 June 2023, increased by 131.8% as compared with the loss before tax of approximately HK$319.9 million in the same period ended 30 June 2022, due to the combined effect a decrease in fair value of investment properties to approximately HK$423.8 million resulting from the adverse impact post COVID-19 pandemic and provision for guarantee contracts of approximately HK$248.6 million during the Period ended 30 June 2023.

* *The English names are for identification purpose only*

Set out below are the unaudited consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023 and the unaudited consolidated profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of the Target Group for the years ended 31 December 2021, 2022 and 2023 and certain explanatory notes (the "**Unaudited Consolidated Financial Information**"). The Unaudited Consolidated Financial Information has been presented on the basis set out in Notes to the Unaudited Consolidated Financial Information and prepared in accordance with the accounting policies adopted by the Company and paragraph 14.68(2)(a)(i) of the Listing Rules. The Unaudited Consolidated Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Proposed Disposal. The Company's reporting accountants, Elite Partners CPA Limited, was engaged to review the Unaudited Consolidated Financial Information set out on pages II-2 to II-8 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion. The auditor has issued an unmodified review report.

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021, 2022 AND 2023

	Year ended 31 December		
	2021	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	50	45	52
Investment properties	675,866	575,840	536,709
	675,916	575,885	536,761
Current assets			
Other receivables, deposits and prepayments	2,533	1,623	861
Bank balances and cash	8,992	7,499	10,632
	11,525	9,122	11,493
Current liabilities			
Bank borrowings	232,131	208,152	188,670
Accrued liabilities and other payables	2,269	1,010	5,190
Interest payable	1,060	1,558	1,728
Tax payable	17,935	17,935	17,935
Amount due to remaining group entities	717,164	713,820	765,919
	970,559	942,475	979,442
Net current liabilities	(959,034)	(933,353)	(967,949)
Total assets less liabilities	(283,118)	(357,468)	(431,188)
Capital and reserves			
Share capital	1	1	1
Reserves	(283,119)	(357,469)	(431,189)
	(283,118)	(357,468)	(431,188)

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

	Year ended 31 December		
	2021	**2022**	**2023**
	HKD'000	*HKD'000*	*HKD'000*
Revenue	5,877	10,658	3,421
Other income	3	1,065	356
Selling and distribution expenses	–	(472)	(369)
Administrative and other operating expenses	(15,223)	(9,614)	(10,753)
Other loss	(114,744)	(31,107)	(70,422)
Finance costs	(8,278)	(8,655)	(15,172)
Income tax expenses	–	–	–
Loss for the year	(132,365)	(38,125)	(92,939)
Other comprehensive (expense)/income			
Exchange differences arising on translation of foreign operations	(481)	(36,225)	19,219
Total comprehensive expense for the year	(132,846)	(74,350)	(73,720)

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

	Share capital	Translation reserve	Accumulated losses	Total
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
At 1 January 2021	1	56,102	(206,375)	(150,272)
Loss for the year	–	–	(132,365)	(132,365)
Other comprehensive expense:				
Exchange differences arising on translation of foreign operations	–	(481)	–	(481)
At 31 December 2021	1	55,621	(338,740)	(283,118)
At 1 January 2022	1	55,621	(338,740)	(283,118)
Loss for the year	–	–	(38,125)	(38,125)
Other comprehensive expense:				
Exchange differences arising on translation of foreign operations	–	(36,225)	–	(36,225)
At 31 December 2022	1	19,396	(376,865)	(357,468)
At 1 January 2023	1	19,396	(376,865)	(357,468)
Loss for the year	–	–	(92,939)	(92,939)
Other comprehensive expense:				
Exchange differences arising on translation of foreign operations	–	19,219	–	19,219
At 31 December 2023	1	38,615	(469,804)	(431,188)

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE YEARS ENDED 31 DECEMBER 2021, 2022 AND 2023

	2021	2022	2023
	HKD'000	*HKD'000*	*HKD'000*
OPERATING ACTIVITIES			
Loss before taxation	(132,365)	(38,125)	(92,939)
Adjustment for:			
Finance costs	8,278	8,655	15,172
Depreciation of property, plant and equipment	54	–	2
Gain on disposal of property, plant and equipment	(246)	–	–
Interest income	(3)	–	–
Fair value loss on investment properties	114,990	31,107	69,403
Operating cash flows before movements in working capital	(9,292)	1,637	(8,362)
Decrease/(increase) in deposits, prepayment and other receivables	(621)	816	856
(Decrease)/increase in accrued and other payables	1,411	(1,020)	4,122
Increase in amount due to remaining group entities	14,128	70,743	12,965
Cash generated from operations	5,626	72,176	9,581
Income tax paid	–	–	–
Net cash generated from operating activities	5,626	72,176	9,581
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	–	–	(7)
Proceeds from disposals of property, plant and equipment	301	–	–
Net cash generated from/(used in) investing activities	301	–	(7)

	2021	2022	2023
	HKD'000	*HKD'000*	*HKD'000*
Financing activities			
Proceeds from bank borrowings raised	1,000	–	–
Repayment of bank borrowings	–	–	(30,888)
Interest paid	(8,225)	(8,077)	(15,082)
Net cash generated from financing activities	(7,225)	(8,077)	(45,970)
Net increase/(decrease) in cash and cash equivalents	(1,298)	64,099	(36,396)
CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD	12,911	8,992	7,499
Exchange differences arising on translation	(2,621)	(65,592)	39,529
CASH AND CASH EQUIVALENT AT END OF THE PERIOD	8,992	7,499	10,632
Analysis of balance of cash and cash equivalents			
Bank balances and cash	8,992	7,499	10,632

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Wide Flourish Investments Limited (廣盛投資有限公司), (the "**Target Company**"), a private limited company established in the British Virgin Islands (the "**BVI**") on 16 November 2011. Up to the date of this circular, it is an investment-holding company and indirectly wholly owned subsidiary of Tai United Holdings Limited (the "**Company**"). The Target Group primarily holds and manages the properties located in London, the United Kingdom for rental income.

On 23 April 2024, the Company, as vendor, entered into a sale and purchase agreement ("**SPA**") pursuant to which the Company has conditionally agreed to dispose of the entire issued share capital of the Target Company at the aggregate cash consideration of GBP50,000,000 (equivalent to approximately HK$497,850,000) (the "**Proposed Disposal**") to (the "**Purchaser**").

The Purchaser is indirectly wholly-owned by Mr. Pang, who is a director of the subsidiaries of the Target Company. As such, the Purchaser is an associate of Mr. Pang under the Listing Rules and is hence a connected person of the Company at subsidiary level.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the transactions contemplated under the SPA constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

2. BASIS OF PRESENTATION AND PREPARATION OF THE UNAUDITED CONSOLIDATED FINANCIAL INFORMATION

The Unaudited Consolidated Financial Information of the Target Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of the issued share capital of the Target Company in accordance with 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Target Group had net current liabilities amounting to HK$967,949,000 as at 31 December 2023. Having regard to the settlement of the bank borrowings up to the date of the report and the waive of amount due to remaining group entities proposed by the Group, the director of the Company is of the opinion that the Target Group is able to continue as a going concern and to meet its obligations in full as and when they fall due. Accordingly, the director consider that it is appropriate to prepare the Unaudited Consolidated Financial Statement on a going basis.

The Unaudited Consolidated Financial Information of the Target Group comprising the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023, 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 for the three years ended 31 December 2021, 2022 and 2023, and explanatory notes, has been prepared in accordance with the accounting policies adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements of the Company for the years ended 31 December 2021, 2022 and 2023, for respective years, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The Unaudited Consolidated Financial Information has been prepared under the historical cost convention, and is presented in Hong Kong Dollars ("**HK$**") and on a going concern basis. All values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The Unaudited Consolidated Financial Information of the Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF TAI UNITED HOLDINGS LIMITED EXCLUDING WIDE FLOURISH INVESTMENTS LIMITED AND ITS SUBSIDIARIES

elite partners

TO THE BOARD OF 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**") excluding Wide Flourish Investments Limited (the "**Target Company**") and its subsidiaries (the "**Target Group**") upon the completion of the disposal by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022, and related notes as set out on pages III-5 to III-11 of the circular dated 11 June 2024 (the "**Circular**") in connection with the disposal of the entire equity interests of the Target Company (the "**Proposed Disposal**") issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Disposal on the Group's consolidated financial position as at 30 June 2023 and the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 as if the Proposed Disposal had taken place at 30 June 2023 and 1 January 2022 respectively. As part of this process, information about the Group's consolidated financial position has been extracted by the directors of the Company from the Group's consolidated financial information as included in the interim report of the Group for the six months ended 30 June 2023 on which no review and audit report has been published, and information about the Group's consolidated financial performance and consolidated cash flows have been extracted by the directors of the Company from the Group's consolidated financial information as included in the annual report for the year ended 31 December 2022, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1 "Management Control for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 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 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 accountants' plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Proposed Disposal on unadjusted financial information of the Group as if the Proposed Disposal 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 Proposed Disposal at 30 June 2023 and for the year ended 31 December 2022 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 of the Company 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 unaudited 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 accountants' judgment, having regard to the reporting accountants' 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.

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 29(1) of Chapter 4 of the Listing Rules.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 11 June 2024

The following is a summary of the illustrative unaudited pro forma consolidated statement of financial position as at 30 June 2023, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022 of Tai United Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") excluding Wide Flourish Investments Limited (廣盛投資有限公司) (the "**Target Company**") and its subsidiaries upon the completion of the disposal (the "**Target Group**") (hereinafter referred to as the "**Remaining Group**") (the "**Unaudited Pro Forma Financial Information**") which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the disposal of entire equity interests of the Target Company (the "**Proposed Disposal**") as if the Proposed Disposal had been completed on 30 June 2023 for the unaudited pro forma consolidated statement of financial position, and on 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 as extracted from the Group's published interim report of the Group for the six months ended 30 June 2023 after making pro forma adjustments relating to the Proposed Disposal that are factually supportable and directly attributable to the Proposed Disposal as set out below.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the published annual report of the Group for the year ended 31 December 2022 after making pro forma adjustments relating to the Proposed Disposal that are factually supportable and directly attributable to the Proposed Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with paragraph 4.29 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 June 2023 or at any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Group for the year ended 31 December 2022 and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

AS AT 30 JUNE 2023

	The Group	Pro forma adjustments	The Remaining Group after the completion of the Proposed Disposal
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Non-current assets			
Property, plant and equipment	4,266	(52)	4,214
Investment properties	2,661,841	(536,709)	2,125,132
Intangible assets	46,701	–	46,701
Mining right	18,716	–	18,716
Right-of-use assets	3,743	–	3,743
Non-current deposits	1,502	–	1,502
Other non-current assets	6,000	–	6,000
	2,742,769	(536,761)	2,206,008
Current assets			
Inventories	849	–	849
Accounts receivable	48,613	–	48,613
Other receivables, deposits and prepayments	61,801	(861)	60,940
Bank balances and cash	188,344	294,548	482,892
	299,607	293,687	593,294
Current liabilities			
Accounts payable	21,977	–	21,977
Accrued liabilities and other payables	553,374	(6,918)	546,456
Borrowings	1,665,048	(188,670)	1,476,378
Lease liabilities	3,318	–	3,318
Tax payable	100,963	(17,935)	83,028
Financial guarantee contracts	871,354	–	871,354
	3,216,034	(213,523)	3,002,511

	The Group *HK$'000* *(Note 1)*	Pro forma adjustments *HK$'000* *(Note 2)*	The Remaining Group after the completion of the Proposed Disposal *HK$'000*
Net current (liabilities)/assets	(2,916,427)	507,210	(2,409,217)
Total assets less current liabilities	(173,658)	(29,551)	(203,209)
Non-current liabilities			
Deferred tax liabilities	257,070	–	257,070
Lease liabilities	574	–	574
	257,644	–	257,644
Net liabilities	(431,302)	(29,551)	(460,853)
Capital and reserves			
Share capital	262,501	–	262,501
Reserves	(695,693)	(29,551)	(725,244)
Equity attributable to owners of the company	(433,192)	(29,551)	(462,743)
Non-controlling interest	1,890	–	1,890
Total equity	(431,302)	(29,551)	(460,853)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP
FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group *HK$'000* *(Note 3)*	**Pro forma adjustments** *HK$'000* *(Note 4)*	**The Remaining Group after the completion of the Proposed Disposal** *HK$'000*
Revenue			
Contract with customers	119,759	–	119,759
Leases	39,980	(3,421)	36,559
Net investment loss	(512)	–	(512)
Total	159,227	(3,421)	155,806
Other income	11,670	(356)	11,314
Impairment losses under expected loss model, net	(680,233)	1,019	(679,214)
Other gains or losses	(54,233)	–	(54,233)
Purchases and changes in inventories	(88,211)	–	(88,211)
Employee benefits expenses	(38,664)	2,170	(36,494)
Other operating expenses	(58,368)	8,952	(49,416)
Changes in fair value of investment properties	(679,152)	69,403	(609,749)
Finance costs	(178,153)	15,172	(162,981)
Loss before tax	(1,606,117)	92,939	(1,513,178)
Income tax credit	150,716	–	150,716
Loss for the year from continuing operations	(1,455,401)	92,939	(1,362,462)
Loss on disposal of Target Group	–	(29,551)	(29,551)
Loss for the year	(1,455,401)	63,388	(1,392,013)
Other comprehensive expense, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations	(35,221)	–	(35,221)
Total comprehensive expense for the year	(1,490,622)	63,388	(1,427,234)

	The Group *HK$'000* *(Note 3)*	Pro forma adjustments *HK$'000* *(Note 4)*	The Remaining Group after the completion of the Proposed Disposal *HK$'000*
Loss for the year attributable to:			
Owners of the Company	(1,454,890)	63,388	(1,391,502)
Non-controlling interests	(511)	–	(511)
	(1,455,401)	63,388	(1,392,013)
Total comprehensive expense for the year attributable to:			
Owners of the Company	(1,489,989)	63,388	(1,426,601)
Non-controlling interests	(633)	–	(633)
	(1,490,622)	63,388	(1,427,234)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

FOR THE YEAR ENDED 31 DECEMBER 2022

	The Group	Pro forma adjustments		The Remaining Group after the completion of the Proposed Disposal
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 5)	*(Note 6)*	*(Note 7)*	
Operating activities				
Loss before taxation	(1,606,117)	92,939	–	(1,513,178)
Adjustment for:				
Depreciation of property, plant and equipment	1,507	(2)	–	1,505
Depreciation of right of use assets	5,546	–	–	5,546
Interest income	(2,215)	–	–	(2,215)
Impairment losses under expected credit loss model, net	680,233	–	–	680,233
Impairment loss recognised on intangible assets	41,460	–	–	41,460
Amortisation of intangible assets	2,659	–	–	2,659
Fair value loss on investment properties	679,152	(69,403)	–	609,749
Finance cost	178,153	(15,172)	–	162,981
Operating cash flows before movements in working capital	(19,622)	8,362	–	(11,260)
Decrease in inventories	1,974	–	–	1,974
Decrease in financial assets at FVTPL	9,098	–	–	9,098
Increase in accounts receivable	(239)	–	–	(239)
Decrease/(increase) in other receivables, deposits and prepayments	45,288	(13,821)	–	31,467
Increase in accounts payable	(16,229)	–	–	(16,229)
(Decrease)/increase in accrued liabilities and other payables	19,402	(4,122)	–	15,280
Cash generated from/(used in) operations	39,672	(9,581)	–	30,091
Income tax paid	(10,309)	–	–	(10,309)
Net cash generated from/(used in) operating activities	29,363	(9,581)	–	19,782

	The Group	Pro forma adjustments		The Remaining Group after the completion of the Proposed Disposal
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 5)	*(Note 6)*	*(Note 7)*	
Investing activities				
Net Proceed from disposal of Target Group	–	–	486,351	486,351
Purchase of property, plant and equipment	(4,956)	7	–	(4,949)
Interest received	2,215	–	–	2,215
Net cash generated from/(used in) investing activities	(2,741)	7	486,351	483,617
Financing activities				
Repayment of bank borrowings	(23,290)	30,888	(188,670)	(181,072)
Proceeds from bank borrowings raised	2,634	–	–	2,634
Interest paid	(19,821)	15,082	–	(4,739)
Repayment of lease liabilities	(5,616)	–	–	(5,616)
Net cash generated from/(used in) financing activities	(46,093)	45,970	(188,670)	(188,793)
Net increase/(decrease) in cash and cash equivalents	(19,471)	36,396	297,681	314,606
Cash and cash equivalents at the beginning of the year	255,354	–	–	255,354
Effect of foreign exchange rate changes	(12,942)	(39,529)	–	(52,471)
Cash and cash equivalents at the end of the year	222,941	(3,133)	297,681	517,489
Analysis of balance of cash and cash equivalents				
Cash and bank balances	222,941	(3,133)	297,681	517,489

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(1) Balances are extracted from the unaudited condensed consolidated statement of financial position of the Group, as set out in the published interim report of the Group for the six months ended 30 June 2023.

(2) The adjustment represents the deconsolidation of the assets and liabilities of the Target Group as at 31 December 2023 as if the Proposed Disposal had been completed on 30 June 2023. The balances are extracted from the review report on the unaudited consolidated financial information of the Target Company as at 31 December 2023 as set out in Appendix II to this Circular.

(3) Balances are extracted from the audited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022, as set out in the published annual report of the Group for the year ended 31 December 2022.

(4) The adjustment represents the deconsolidation of the financial performance of the Target Group for the year ended 31 December 2022 as if the disposal had been completed on 1 January 2022. The balances are extracted from the review report on the unaudited consolidated financial information of the Target Group for the year ended 31 December 2023 as set out in Appendix II to this Circular.

The adjustment represents the pro forma loss on disposal of the Target Group was completed on 1 January 2022 as follows:

	HK$'000	*HK$'000*
Consideration received		497,850
Less: disposal of assets and liabilities for the Target Group		
Property, plant and equipment	52	
Investment properties	536,709	
Deposits, prepayments and other receivables	861	
Bank balances and cash	10,632	
Accrued liabilities and other payables	(5,190)	
Interest payable	(1,728)	
Tax payable	(17,935)	
		(523,401)
Estimated related transaction costs		(4,000)
Estimated loss on disposal of the Target Group		(29,551)

Note: Assume the amount due to remaining group entities will be waived before the completion of the Proposed disposal.

(5) Balances are extracted from the audited consolidated statement of cash flows for the year ended 31 December 2022, as set out in the published annual report of the Group for the year ended 31 December 2022.

(6) The adjustment represents the deconsolidation of the cash flows of the Target Group for the year ended 1 January 2022 as if the disposal had been completed on 1 January 2022. The balances are extracted from the review report on the unaudited consolidated financial information of the Target Group for the year ended 31 December 2023 as set out in Appendix II to this Circular.

(7) The adjustment represents the proceed from the Proposal disposal less the related transaction costs incurred in disposal and repayment of bank borrowings in the Target Group and the bank and cash balance of the Target Group.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this document received from International Valuation Limited, an independent valuer, in connection with its valuation as at 31 March 2024 of the properties held by the Group.

INTERNATIONAL VALUATION LIMITED
國際評估有限公司

International Valuation Limited
Unit 907, 9th Floor, Wing On Plaza
62 Mody Road, Tsim Sha Tsui East
Kowloon, Hong Kong
Tel: 3708 7922

11 June 2024

The Board of Directors
Tai United Holdings Limited (太和控股有限公司)
Room 4202–03A, 42/F.
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

Dear Sir/Madam,

In accordance with the instruction from Tai United Holdings Limited (the "**Company**") together with its subsidiaries (hereinafter together referred to as the "**Group**") for us to value the property interests held by the Group in the United Kingdom, we confirm that we made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value ("**Market Value**") of the properties as at 31 March 2024 ("**Valuation Date**") for public documentation purpose.

Our valuation is carried out on a Market Value basis. Market Value is defined 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".

We have valued the properties on market basis and on vacant possession, and direct comparison method is adopted where comparison based on prices realized on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market values.

Our valuation has been made on the assumption that the seller sells the properties on the open market in its existing state without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the properties.

Unless stated as otherwise, we have assumed that the properties have been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the properties upon which this valuation is based, all required licenses, permits, certificates and authorizations have been obtained.

Unless stated as otherwise, we have assumed that the owner of the properties has free and uninterrupted rights to use and dispose of the properties for the whole of the unexpired term of the land tenure.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Other special assumptions of the properties, if any, have been stated in the notes of the valuation certificate of the properties.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have conducted title searches from the HM Land Registry for the properties. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. It is assumed that, unless otherwise stated, the properties have no known encumbrances or liens that would adversely affect the market value of the property. In the course of our valuation, we have relied on information provided by the Group.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the area documents handed to us by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have conducted on-site inspection of the exterior and, where possible, the interior of the properties, and obtained the photos of the target properties provided by the Group. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

On-site inspections of the properties were carried out on 2 May 2024 by our staff Mr. Philip Tam in London, who is a Professional Member of the Royal Institution of Chartered Surveyors and Corporate Member of the Hong Kong Institute of Surveyors in the General Practice Division with 28 years' experience in the property valuation.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

This valuation is to be used for the purpose stated herein. We are instructed to provide our opinion of value as per the Valuation Date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the Valuation Date and we assume no obligation to update or otherwise revise these materials for events in the time since then.

The opinion of value is based on generally accepted valuation procedures and practices that rely extensively on assumptions and considerations, not all of which can be easily quantified or ascertained exactly. While we have exercised our professional judgement in arriving at the valuation, it is urged to consider carefully the nature of such assumptions which are disclosed and should exercise caution when interpreting.

We hereby certify that we have neither present nor prospective interest in the Group or the value reported.

Unless otherwise stated, all monetary sums stated in our valuations are in Pound Sterling (£), the lawful currency of the United Kingdom.

We enclose herewith the "summary of values" and "valuation certificates" for your attention.

Yours faithfully,
For and on behalf of
International Valuation Limited
Christopher Cheung
BSc (Hons), BBA (Hons), MRICS, MHKIS, RPS (GP)
Director – Real Estate

Note: Mr. Christopher Cheung is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong. He is a Professional Member of the Royal Institution of Chartered Surveyors and a Corporate Member of the Hong Kong Institute of Surveyors in the General Practice Division. He has years of experience in valuation of properties in the United Kingdom.

SUMMARY OF VALUES

No.	Properties held for investment by the Group in the United Kingdom	Market Value in existing state as at 31 March 2024 £
1.	6 Buckingham Gate, London, the United Kingdom SW1E 6JP	26,600,000
2.	Flats 1, 2, 3 & 5, 7–9 Buckingham Gate, London, the United Kingdom SW1E 6JP	27,300,000
	Total for properties held for investment by the Group in the United Kingdom:	53,900,000

VALUATION CERTIFICATE

Property held for investment by the Group in the United Kingdom

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024 £
1.	6 Buckingham Gate, London, the United Kingdom SW1E 6JP	The property comprises a Grade II Listed, mid-terrace townhouse with a Gross Internal Area of approximately 15,845 sq. ft. over the Basement, Lower Ground Floor, Ground Floor, 1st Floor, 2nd Floor, 3rd Floor and 4th Floor, including 5 bedrooms, master bedroom, living and entertainment area, drawing room, study room on 1st to 4th Floor, entrance hall, dining room, library and living room on Ground Floor, kitchen, staff bedroom media room, laundry area, gym, pool, sauna and treatment room on Lower Ground Floor and Basement, along with amenities including lift, two balconies, double height atrium, garage, backyard, two terraces, etc.. As advised by the Group, the building of the property date from the 19th Century but have been comprehensively developed in about 2015 with a completion certificate for redevelopment. *(see Note (5))*	As per the information provided by the Group, the property was subject to a tenancy for a term of 3 years commencing on 26 July 2021 and expiring on 25 July 2024 at a monthly rental £86,666.66 exclusive of council tax, utilities and water charges as at the Valuation Date.	26,600,000 (POUND STERLING TWENTY SIX MILLION SIX HUNDRED THOUSAND)

Notes:

1. The registered owner of the Property is MRB Residential Partners LLP 6 Cork Street, London W1S 3NX with title number NGL886423 (held freehold). There is no ground rent payable.

2. As advised by the Group and pursuant to MRB Residential – Extension and Amendment Deed dated 5 February 2024, the property is subject to a mortgage as a security in favor of The Bank of East Asia, Limited, London Branch for term loan at amount of £22,050,000 (partial) with the security term terminate on 7 May 2024.

3. The use class of the property is C3 residential.

4. The property is situated within Central Activities Zone and Birdcage Walk Conservation Area according to the zoning designated by Westminster City Plan 2019–2040.

5. Pursuant to the Final Certificate (Completion Certificate) – AIS Ref: 0201649 dated 4 June 2015 issued by Approved Inspector Services Limited, the buildings of the property date from the 19th Century have been returned to residential use after over 100 years of office use through the completion of a redevelopment work.

6. As the property is one of the major assets held by the Group, we are of the view that the property is a material property. Details of the material property:

a.	General description of location of the property	:	The property is located on the southern side of Buckingham Gate, which falls within the administrative boundaries of the City of Westminster, in St James, central London. Buckingham Gate is split into two sections, the A3214 which the subject property fronts onto and the B323 which runs to the south east. The property is situated immediately opposite the southern (side) elevation of Buckingham Palace and is located to the south west of St. James's Park. Piccadilly & the wider area of St James is located 0.6 miles to the north, Victoria/Carnival Place is located about 0.2 miles to the south and Elizabeth Street is about 0.7 miles to the south west, each providing a range of retail, cafes and restaurants.
b.	Tenure	:	The property is held freehold on title NGL886423.
c.	Details of encumbrances, liens, pledges, mortgages against the property	:	According to the information provided by the Group, the property was subject to mortgage contract for term loan at amount of £22,050,000 (partial) as at the Valuation Date *(see Note (2))*.
d.	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil
e.	Plans to dispose of or change the use of the property	:	As advised by the Group, the Group was planning to dispose the property as at the Valuation Date.

VALUATION CERTIFICATE

Property held for investment by the Group in the United Kingdom

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024 £
2.	Flats 1, 2, 3 & 5, 7–9 Buckingham Gate, London, the United Kingdom SW1E 6JP	The property comprises 4 apartments – Flats 1, 2, 3 and 5 in a Grade II Listed, mid-terrace townhouse. Flat 1 is an apartment with a Gross Internal Area of approximately 4,663 sq. ft. over the Lower Ground Floor, Ground Floor and 1st Floor. It comprises entrance hall, living room, library, 2 bedrooms, master bedroom, dining room, kitchen, drawing room and dressing room on the three floors. Other amenities include lift, two balconies, underground carpark, two terraces, a storeroom on Basement, etc.. Flat 2 is an apartment with a Gross Internal Area of approximately 2,804 sq. ft. on the 2nd Floor. It comprises entrance hall, 1 bedroom, master bedroom, dining room, kitchen, drawing room, cloakroom and dressing room on the 2nd Floor. Other amenities include lift, underground carpark, two terraces, a storeroom on Basement, etc.. Flat 3 is an apartment with a Gross Internal Area of approximately 5,189 sq. ft. on the 3rd and 4th Floors. It comprises entrance hall, 2 bedrooms, master bedroom, dining room, kitchen, drawing room, study room, living and entertaining room, cloakroom and dressing room on the 3rd and 4th Floors. Other amenities include lift, underground carpark, three terraces, a storeroom on Basement, etc..	As per the tenancy provided by the Group, Flat 2 of the property was subject to a tenancy of 2 years commencing on 5th August 2023 and expiring on 4th August 2025 at a £14,500 exclusive of council tax, utilities and water charges as at the Valuation Date. As advised by the Group, the remaining portion of the property was vacant as at the Valuation Date.	27,300,000 (POUND STERLING TWENTY SEVEN MILLION THREE HUNDRED THOUSAND)

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024 £
		Flat 5 is an apartment with a Gross Internal Area of approximately 2,765 sq. ft. on the 3rd and 4th Floors. It comprises entrance hall, 2 bedrooms, master bedroom, kitchen, living and entertaining room, cloakroom and dressing room on the 3rd and 4th Floors. Other amenities include lift, underground carpark, two terraces, a storeroom on Basement, etc.. As advised by the Group, the buildings of the property date from the 19th Century but have been comprehensively developed in about 2015 with a completion certificate for redevelopment. *(see Note (5))*		

Notes:

1. The registered owner of the Property is MRB Residential Partners LLP 6 Cork Street, London W1S 3NX with title number NGL852473 (held freehold – 7 Buckingham Gate) and NGL852477 (held freehold – 8 & 9 Buckingham Gate). There are no ground rents payable.

2. As advised by the Group and pursuant to MRB Residential – Extension and Amendment Deed dated 5 February 2024, the property is subject to a mortgage as a security in favor of The Bank of East Asia, Limited, London Branch for bank loan at amount of £22,050,000 (partial) with the security term terminate on 7 May 2024.

3. The use class of the property is C3 residential.

4. The property is situated within Central Activities Zone and Birdcage Walk Conservation Area according to the zoning designated by Westminster City Plan 2019–2040.

5. Pursuant to the Final Certificate (Completion Certificate) – AIS Ref: 0201649 dated 4 June 2015 issued by Approved Inspector Services Limited, the buildings of the property date from the 19th Century have been returned to residential use after over 100 years of office use through the completion of a redevelopment work.

6. As the property is one of the major assets held by the Group, we are of the view that the property is a material property. Details of the material property:

a.	General description of location of the property	:	The property is located on the southern side of Buckingham Gate, which falls within the administrative boundaries of the City of Westminster, in St James, central London. Buckingham Gate is split into two sections, the A3214 which the subject property fronts onto and the B323 which runs to the south east. The property is situated immediately opposite the southern (side) elevation of Buckingham Palace and is located to the south west of St. James's Park. Piccadilly & the wider area of St James is located 0.6 miles to the north, Victoria/Carnival Place is located about 0.2 miles to the south and Elizabeth Street is about 0.7 miles to the south west, each providing a range of retail, cafes and restaurants.
b.	Tenure	:	The property is held long leasehold on a term of 999 years with a share of freehold on title NGL852473 (7 Buckingham Gate) and NGL852477 (8 & 9 Buckingham Gate).
c.	Details of encumbrances, liens, pledges, mortgages against the property	:	According to the information provided by the Group, the property was subject to mortgage contract for term loan at amount of £22,050,000 (partial) as at the Valuation Date *(see Note (2))*.
d.	Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil
e.	Plans to dispose of or change the use of the property	:	As advised by the Group, the Group was planning to dispose the property as at the Valuation Date.

1. 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 Company. 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.

2. DISCLOSURE OF INTEREST BY DIRECTORS

(a) As at the Latest Practicable Date, to the knowledge of the Directors, none of the Directors and chief executives of the Company and their associates had interests and short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be 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 were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange.

(b) As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

(c) As at the Latest Practicable Date, none of the Directors had direct or indirect material interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or by or proposed to be acquired or disposed of by or leased to or by any member of the Group.

(d) There is no contract or arrangement subsisting at the date of this circular in which any of the Directors is materially interested and which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (not being a Director or chief executive of the Company) who had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange 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**"), or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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

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.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, neither the Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. MATERIAL CONTRACTS

The Group has not entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material.

6. LITIGATION AND CLAIMS

Save and except with respect to, among others, litigation claims, proceedings and enforcement involving the Group, and the transfer of bank deposits of the Group by the courts in the PRC, details of which are more particularly disclosed in the Company's Disclosures, including but not limited to the Company's announcements dated 13 February 2023, 9 March 2023, 28 March 2023, 4 April 2023, 14 July 2023, 26 July 2023, 13 October 2023, 29 November 2023, 12 December 2023, 5 February 2024, 4 March 2024, 20 March 2024, 3 April 2024, 22 April 2024, 30 April 2024, 10 May 2024 and 21 May 2024, as at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors, after due and careful enquiry, to be pending or threatened against the Group.

7. EXPERTS

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

Name	Qualification
Elite Partners	Certified Public Accountants
International Valuation Limited	Independent Professional Property Valuer

Each of the experts has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter and/or report or the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the experts had have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group and none of the experts had any interest, either direct or indirect, in any assets which had since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency. The company secretary of the Company is Mr. Poon Yick Pang Philip, who is a holder of a Chartered Financial Analyst charter of the CFA Institute, a Certified Practising Accountant (Australia) and a fellow of the Hong Kong Institute of Certified Public Accountants.

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is at Room 4202–03A, 42nd Floor, China Resource Building, 26 Harbour Road, Wanchai, Hong Kong.

The Hong Kong branch share registrar of the Company is Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the Company's website (www.irasia.com/listco.hk/taiunited/index.htm) and the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(i) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in the circular;

(ii) the financial information on the Target Group prepared by Elite Partners, the text of which is set out in Appendix II to this circular;

(iii) the unaudited pro forma financial information on the Target Group prepared by Elite Partners, the text of which is set out in Appendix III to this circular;

(iv) the property valuation report of the Properties, the text of which is set out in Appendix IV to this circular;

(v) the annual reports of the Company for the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the interim report of the Company for the six months period ended 30 June 2023;

(vi) the letters of consent referred to under the paragraph headed "Experts" in this appendix; and

(vii) the SPA.

太和控股有限公司
TAI UNITED HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 718)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Tai United Holdings Limited (the "**Company**") will be held at 22/F, Euro Trade Centre, 13–14 Connaught Road Central, Central, Hong Kong on Friday, 28 June 2024 at 12:00 p.m. for the purposes of considering and, if thought fit, passing the following as ordinary resolutions of the Company, with or without amendments:

Unless otherwise specified, capitalized terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 11 June 2024.

ORDINARY RESOLUTION

1. "**THAT**:

   the SPA dated 23 April 2024 and the transactions contemplated thereunder (including, among other things, the Disposal and the Converted Loan) be and are hereby approved, confirmed and ratified; and the Directors be and are hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with this resolution."

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

Hong Kong, 11 June 2024

Notes:

1. A form of proxy for use at the SGM is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.

3. Any Shareholder entitled to attend and vote at the SGM convened by the above notice shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a Shareholder.

4. To be effective, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event by 12:00 p.m. on Wednesday, 26 June 2024 or not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be).

5. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the SGM convened and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the SGM, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

7. For the purpose of determining eligibility to attend and vote at the SGM as members of the Company, the register of members of the Company will be closed from Wednesday, 26 June 2024 to Friday, 28 June 2024, both days inclusive, on which period no transfer of the Shares will be registered. All transfer of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 25 June 2024.

8. If typhoon signal no. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the SGM but before it has commenced, the SGM will be postponed. The Company will publish an announcement on the website of the Company at www.irasia.com/listco.hk/taiunited/index.htm and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.

9. As at the Latest Practicable Date, the board of directors of the Company consists of Mr. Wang Hongfang and Mr. Zheng Yuchun as executive directors; and Dr. Gao Bin, Mr. Leung Ting Yuk and Ms. Song Yanjie as independent non-executive directors.