太和控股有限公司
TAI UNITED HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 718)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

The Board of Directors (the "Board") of Tai United Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively known as the "Group") for the six months ended 30 September 2016. The unaudited condensed consolidated interim financial statements have been reviewed by the Company's audit committee (the "Audit Committee").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**2,617,112**	9,896
Other income	*5*	**2,431**	5
Other gain and losses	*6*	**(25,103)**	(3)
Purchases and changes in inventories		**(2,604,215)**	(5,685)
Employee benefits expenses		**(21,356)**	(2,334)
Other operating expenses		**(41,028)**	(5,347)
Finance costs	*7*	**(33,258)**	–
Loss before tax		**(105,417)**	(3,468)
Income tax expense	*8*	**(3,599)**	(9)
Loss for the period	*9*	**(109,016)**	(3,477)
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation		**2,406**	(436)
Share of translation reserve of an associate		**16**	–
Total comprehensive expense for the period		**(106,594)**	(3,913)

	Note	Six months ended 30 September 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Loss for the period attributable to:			
Owners of the Company		**(108,918)**	(3,408)
Non-controlling interests		**(98)**	(69)
		(109,016)	(3,477)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(106,496)**	(3,844)
Non-controlling interests		**(98)**	(69)
		(106,594)	(3,913)
Loss per share	*10*		
– Basic and diluted *(HK cents)*		**(7.26)**	(0.30)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	**30 September 2016 (Unaudited) *HK$'000***	31 March 2016 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**30,363**	12,161
Mining rights	*11*	**454,541**	454,541
Interest in an associate		**8,144**	–
Available-for-sale investment		**39,301**	–
Deposits for potential investments		**129,216**	10,000
		661,565	476,702
Current assets			
Inventories		**1,881**	845
Financial assets designated as at fair value through profit or loss	*12*	**433,285**	–
Trade receivables	*13*	**441,266**	3,271
Held-for-trading investments		**1,083,848**	760,613
Financial derivative contract		**–**	75,266
Deposits, prepayments and other receivables		**19,079**	47,749
Restricted bank deposits		**474,743**	–
Bank balances and cash		**2,277,473**	522,631
		4,731,575	1,410,375
Current liabilities			
Trade payables	*14*	**877,227**	–
Accrued liabilities and other payables		**29,031**	2,398
Borrowings	*15*	**1,006,242**	40,245
Amount due to ultimate holding company		**4,798**	4,798
Loan notes	*16*	**1,381,050**	–
Loans from ultimate holding company		**1,236,310**	877,040
Tax liabilities		**10,826**	11,528
		4,545,484	936,009
Net current assets		**186,091**	474,366
Total assets less current liabilities		**847,656**	951,068
Non-current liability			
Deferred tax liabilities		**96,340**	93,158
		96,340	93,158
Net assets		**751,316**	857,910
Capital and reserves			
Share capital		**75,054**	75,054
Reserves		**667,345**	773,841
Equity attributable to owners of the Company		**742,399**	848,895
Non-controlling interests		**8,917**	9,015
Total equity		**751,316**	857,910

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1. General information

Tai United Holdings Limited (formerly known as Bestway International Holdings Limited) (the "Company") is a limited liability company incorporated in Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is located at Suite 1206-1209, 12th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong. The Group is principally engaged in five major businesses including securities trading, commodity trading, distressed debt asset management, mining and exploitation of natural resources and sales of medical equipment and other general goods.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to a special resolution passed on 8 July 2016, the Certificate of Incorporation on Change of Name of the Company issued by the Registry of Companies in the Bermuda on 15 July 2016 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong on 12 August 2016, the Company changed its name to Tai United Holdings Limited with effect from 19 August 2016.

During the six months ended 30 September 2016, the Group engaged into two new operating segments as disclosed in Note 4 and in order to provide a more comprehensive and informative presentation of the Company's results to the financial statement users, the management of the Company has reconsidered the presentation in the condensed consolidated statement of profit or loss and other comprehensive income. Revenue and expenses have been disclosed as separate line items according to their nature on the revenue note and on the face of the condensed consolidated statement of profit or loss and other comprehensive income. Accordingly, the relevant comparative amounts of revenue totaling HK$9,830,000 and net gain arising from changes in fair value of financial instruments held for trading totaling HK$66,000 have been reclassified to conform to the current year's presentation. In addition, cost of sales have been reclassified to "Purchases and changes on inventories", while certain selling and distribution expenses, administrative expenses and other operating expenses have been disclosed as separate line items as "Employee benefits expenses", "Other operating expenses" and "Other gain and losses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income. Accordingly, the relevant comparative amounts of selling and distribution expenses totaling HK$1,331,000, administrative expenses totaling HK$6,350,000 and other operating expenses totaling HK$3,000 have been reclassified to conform with the current year's presentation.

3. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets designated as at fair value through profit or loss, held-for-trading investments and financial derivative contract, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. Revenue and segment information

Revenue

The following is an analysis of the Group's revenue:

	30 September 2016 (Unaudited) ***HK$'000***	30 September 2015 (Unaudited) *HK$'000*
Sale of petrochemical products	**1,820,700**	–
Sale of metal-related products	**769,629**	–
Sale of medical equipment and other general goods	**12,090**	9,830
Changes in fair value of financial asset designated as at fair value through profit or loss	**49,620**	–
Changes in fair value of held-for-trading investments	**(34,927)**	66
Total	**2,617,112**	9,896

Segment Information

Information reported to the chief operating decision maker ("CODM"), being the Chief Executive Officer of the Company, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided and the activities engaged, which is also the basis of organisation of the Group, is set out below.

For the management purpose, the Group is currently organised into five (six months ended 30 September 2015: three) operating divisions – securities trading, commodity trading, distressed debt asset management, mining and exploitation of natural resources and sales of medical equipment and other general goods (six months ended 30 September 2015: securities trading, mining and exploitation of natural resources and sales of medical equipment and other general goods).

Segment revenue and results

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

Six months ended 30 September 2016 (unaudited)

	Securities trading *HK$'000*	Commodity trading *HK$'000*	Distressed debt asset management *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Sales of medical equipment and other general goods *HK$'000*	Total *HK$'000*
Segment revenue	**(34,927)**	**2,590,329**	**49,620**	**–**	**12,090**	**2,617,112**
Segment results	**(72,436)**	**(11,477)**	**37,332**	**–**	**490**	**(46,091)**
Unallocated finance costs						**(26,310)**
Central administration costs						**(33,016)**
Loss before tax						**(105,417)**

Six months ended 30 September 2015 (restated)

	Securities trading *HK$'000*	Mining and exploitation of natural resources *HK$'000*	Sales of medical equipment and other general goods *HK$'000*	Total *HK$'000*
Segment revenue	66	–	9,830	9,896
Segment results	66	–	(362)	(296)
Central administration costs				(3,172)
Loss before tax				(3,468)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior periods.

Segment result represents the profit earned or loss incurred by each segment without allocation of central administration costs including directors' remuneration and other operating expenses.

Segment assets and liabilities

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

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Segment assets		
Securities trading	**1,303,771**	1,193,483
Commodity trading	**1,040,642**	184,346
Distressed debt asset management	**449,154**	–
Mining and exploitation of natural resources	**454,688**	454,701
Sales of medical equipment and other general goods	**13,689**	11,997
Total segment assets	**3,261,944**	1,844,527
Interest in an associate	**8,144**	–
Available-for-sale investments	**39,301**	–
Deposits for potential investments	**129,216**	10,000
Unallocated corporate assets	**1,954,535**	32,550
Consolidated total assets	**5,393,140**	1,887,077

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Segment liabilities		
Securities trading	**418,362**	40,546
Commodity trading	**877,142**	181
Distressed debt asset management	**110,159**	–
Mining and exploitation of natural resources	**103,082**	93,571
Sales of medical equipment and other general goods	**1,895**	262
Total segment liabilities	**1,510,640**	134,560
Loans from ultimate holding company	**1,236,310**	877,040
Amount due to ultimate holding company	**4,798**	4,798
Loan notes	**1,381,050**	–
Secured bank borrowing	**497,951**	–
Unallocated corporate liabilities	**11,075**	12,769
Consolidated total liabilities	**4,641,824**	1,029,167

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

– all assets are allocated to reportable segments other than interest in an associate, available-for-sale investments, deposits for potential investments and other unallocated corporate assets (primarily including unallocated bank balances and cash).

– all liabilities are allocated to reportable segments other than loans from ultimate holding company, amount due to ultimate holding company, loan notes, secured bank borrowing and other unallocated corporate liabilities.

5. Other income

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income from bank and other deposits	**2,239**	5
Sundry income	**192**	–
	2,431	5

6. Other gain and losses

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Exchange loss, net	**25,038**	3
Others	**65**	–
	25,103	3

7. Finance costs

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expenses on		
– loans from ultimate holding company	**26,310**	–
– margin financing	**5,866**	–
– vendor financing loan	**982**	–
Others	**100**	–
	33,258	–

8. Income tax expense

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income tax ("EIT")	**417**	–
Underprovision in prior years:		
Hong Kong Profits Tax	**–**	9
Deferred taxation	**3,182**	–
	3,599	9

Hong Kong Profits Tax and Singapore Corporate Income Tax ("CIT") are calculated at 16.5% and 17.0%, respectively, on the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax and Singapore CIT has been made in the condensed consolidated statement of profit or loss and other comprehensive income for both periods since the Group had no assessable profit arising in Hong Kong and Singapore.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC, was 25% or at a lower concessionary rate for subsidiaries operating in the Tibet Autonomous Region for the six months ended 30 September 2016 and 2015.

9. Loss for the period

Loss for the period has been arrived after charging:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**2,836**	9
Minimum operating lease charge in respect of office premises	**13,340**	285
Legal and professional fee *(Note)*	**6,172**	1,551

Note: Legal and professional fees mainly related to various corporate projects of the Group, including (i) possible share subscription to Hua Lien International (Holding) Company Limited and (ii) potential acquisitions of Hui Kai Holdings Limited and its subsidiaries and RCBG Residential (UK) Limited and MRB Residential Holdings Limited and its subsidiaries during the six months ended 30 September 2016.

10. Loss per share

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

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**108,918**	3,408

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,501,093**	1,141,800

11. Mining rights

The mining rights represent the rights to conduct mining activities in the location of Nogoonnuur Soum and Tsengel Soum of Bayan-Ulgii Aimag in Mongolia, and have remaining legal lives of 15 to 20 years, expiring in July 2031, March 2033, December 2035 and July 2036, respectively. The mining licenses are issued by Mineral Resources and Petroleum Authority of Mongolia and may be extended for two successive additional periods of 20 years each. In the opinion of the directors of the Company, the application for extension is procedural and the Group should be able to renew its mining licenses at minimal charges, until all the proven and probable minerals have been mined. No active mining operation of the Group has taken place yet. The Group is in process to engage a qualified mineral technical adviser to prepare a resource estimation and a Mongolian professional firm to review and update the feasibility study report and the environmental impact assessment report on the above tungsten mines. The directors expect that the exploitation of the mines will take place no later than the end of 2018.

Given that there is no significant change in the market conditions since 31 March 2016 and additional time is required for engaging qualified mineral technical adviser and Mongolian professional firm, based on the assessment of the directors of the Company, there is no indications of impairment and no impairment is recognised for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

At 31 March 2016, the directors of the Company re-assessed the recoverable amount of the cash generating unit that holds mining rights (the "Mining CGU") by using fair value less costs of disposal, which was derived by using discounted cash flow analysis. The discount cash flow analysis has incorporated assumptions that a typical market participant would use in estimating the fair value of the Mining CGU, using cash flow projection for a period of 3 to 7 years and the discount rates applied to the cash flow projection are 21.27%-21.83%. In determining the discount rates, the weighted average cost of capital was used, which was determined with reference to the industry capital structure of market comparable with mining projects, and have taken into account the specific risks encountered by the Mining CGU.

With reference to the assessment, the directors of the Company were of the view that the recoverable amount of the Mining CGU is estimated to be HK$361,383,000 and therefore an impairment loss (net of tax) of HK$162,812,000 in respect of the mining rights was identified for the year ended 31 March 2016. The impairment is primarily due to decline in the selling price of tungsten concentrate products during the year ended 31 March 2016.

12. Financial assets designated as at fair value through profit or loss

During the six months ended 30 September 2016, the Group acquired distressed debt assets through public tenders in the PRC with collaterals, including residential, industrial and commercial buildings and land use rights located in the PRC. Such distressed debt assets are accounted for as financial assets designated as at fair value through profit or loss according to their investment management strategy. The changes in fair value of financial assets designated as at fair value through profit or loss comprise realised gains from disposal of distressed debt assets and their unrealised fair value changes. Any interest income arising from such assets are also included in the changes in their fair value.

As at 30 September 2016, the fair value of the distressed debt assets was determined with reference to a valuation report carried out by an independent valuer on 30 September 2016 which amounted to approximately HK$433,285,000 (31 March 2016: Nil).

13. Trade receivables

The Group allows a credit period of 30 to 120 days (31 March 2016: 30 to 90 days) to its customers. The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
Within 30 days	**438,774**	636
31-90 days	**2,077**	768
91-120 days	**227**	186
Over 120 days	**188**	1,681
	441,266	3,271

Aged analysis of trade receivables which are past due but not impaired is as follow:

	30 September 2016 (Unaudited) *HK$'000*	31 March 2016 (Audited) *HK$'000*
0-90 days	**227**	186
91-120 days	**188**	1,681
	415	1,867

Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

14. Trade payables

The amounts of trade payables represent payable for the purchase of petrochemical products and metal-related products. As at 30 September 2016, according to the settlement arrangement with certain trade payables in relation to purchase of metal-related products, the Group had placed deposits amounting to HK$474,743,000 (31 March 2016: Nil) into a restricted bank account of the Group which carried interest rate ranging from 1.74% to 1.88% per annum.

The following is an aged analysis of trade payables based on the invoice dates at the end of the reporting period, which approximated the respective purchase recognition dates:

	30 September 2016 (unaudited) *HK$'000*	31 March 2016 (audited) *HK$'000*
Within 30 days	**665,915**	–
31-90 days	**211,312**	–
	877,227	–

15. Borrowings

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Secured bank borrowing *(Note (a))*	**500,000**	–
Less: loan raising costs	**(2,049)**	–
	497,951	–
Margin financing *(Note (b))*	**414,797**	40,245
Vendor financing loan *(Note (c))*	**93,494**	–
	1,006,242	40,245

Notes:

(a) During the six months ended 30 September 2016, the Group raised new bank borrowing amounted to HK$500,000,000 (six months ended 30 September 2015: Nil). The bank borrowing carries interest at Hong Kong Interbank Offered Rate plus 2.8% per annum and are repayable by instalments over a period of 3 years with a repayment on demand clause, and shown under current liabilities.

The secured bank borrowing was guaranteed by the ultimate controlling shareholder and secured by office premises in Hong Kong owned by the ultimate controlling shareholder.

(b) As at 30 September 2016, the margin financing was arranged with securities brokers which are independent third parties and secured by held-for-trading investments of the Group amounting to approximately HK$1,059,002,000 (31 March 2016: HK$150,923,000), carried interest ranging from 4.0% to 6.7% (31 March 2016: 5.0% to 6.0%) per annum and repayable on demand.

(c) As at 30 September 2016, the vendor financing loan was arranged in relation to the purchase of distressed debt assets and secured by the respective distressed debt assets amounting to HK$211,297,000 (31 March 2016: Nil), carried interest at 10.5% per annum and repayable within one year.

16. Loan notes

	30 September 2016 ***HK$'000*** **(unaudited)**	31 March 2016 *HK$'000* (audited)
Loan notes	**1,395,000**	–
Less: transaction costs incurred	**(13,950)**	–
	1,381,050	–

On 28 September 2016, the Company entered into a notes and warrants subscription agreement (the "Subscription Agreement") with, Cheer Hope Holdings Limited, Songhua Investment Holding Limited and Haitong International Investment Fund SPC (the "Investors") pursuant to which the Company conditionally agreed to issue, and the Investors conditionally agreed to subscribe for, the loan notes (the "Notes") in the aggregate principal amount of not more than US$180,000,000 (equivalent to approximately HK$1,395,000,000) with an initial term of 2 years from the date of issue, which may be extended for a further term of one year by the Company with the consent of the Note holders (the "Noteholders"). The Notes were fully subscribed by the Investors on 30 September 2016.

Pursuant to the Subscription Agreement, in consideration of the subscription of the Notes by the Investors, the Company conditionally agreed to grant the warrants to the Investors. The warrants will entitle the holders ("Warrant Holders") thereof to subscribe for up to 279,000,000 shares of the Company at an initial warrant shares subscription price of HK$1.0 per warrant share during the warrants subscription period. The warrant shares subscription price is subject to adjustment according to the terms and conditions of the warrants instrument.

If Noteholders are also Warrant Holders, such Noteholders shall have the option to elect to use all or part of the outstanding principal amount of the Notes held by such Noteholders to set-off the relevant exercise moneys payable upon the exercise of the warrants held by such Noteholders. If the Notes have not been converted, they will be redeemed by the Company at maturity.

The Notes bear interest at the rate of 5% per annum calculated by reference to the principal amount thereof and payable semi-annually in arrears on 30 September and 31 March of each year, commencing with the first interest payment date falling on 31 March 2017. Each warrant outstanding as at the last day of its Warrants Subscription Period (as defined in the announcement dated 28 September 2016) shall be redeemed by the Company on the last day of its Warrants Subscription Period at the redemption price which shall be an amount that will yield a 15% return on the initial subscription price paid for the Notes per annum calculated from the Notes closing date. The warrants shall be transferable by the Warrant Holders in whole amounts or integral multiples of the warrant shares subscription price.

Should there are no warrants being granted by the date falling six calendar months after the first closing date of Notes, or any other date as agreed in writing between the Noteholders and the Company (the "Warrants Long Stop Date"), in accordance to the Subscription Agreement, the Noteholders can exercise early redemption rights by giving a written notice of early redemption to the Company and all or any of the Notes held by such Noteholders are immediately due and repayable at a redemption price (the "No Warrant Early Redemption Price").

The No Warrant Early Redemption Price shall be the amount equivalent to the sum of (i) the outstanding principal amount of the Notes to be redeemed by such Noteholders, (ii) unpaid interest accrued on the Notes from the issue date to (and including) the date of full payment of the No Warrant Early Redemption Price, (iii) unpaid default interest (if any) accrued on the Notes, (iv) such amount as would result in an internal rate of return of 9% per annum on the outstanding principal amount of the Notes to be redeemed from the issue date to (and including) the date of full payment of the No Warrant Early Redemption Price, and (v) all other outstanding amounts payable by the Company to the Noteholders under the other transaction documents.

On 28 September 2016, in accordance with the loan notes and warrant subscription agreement, the Group pledged all the shares of two wholly-owned subsidiaries, Best Future Investments Limited and Hongrong Financial Holding (Shenzhen) Co., Ltd to a security agent, Songhua Investment Holding Limited who held securities on behalf of the investors who subscribed loan notes of approximately HK$1,395,000,000. The collaterals will be discharged when the net assets value of the Tai United exceeding HK$3 billion with debt ratio not exceeding 200%.

The loan note was guaranteed by the ultimate controlling shareholder, ultimate holding company and company owned by the ultimate controlling shareholder.

As at 30 September 2016, the Company has not yet fulfilled all the substantive conditions precedent for granting the warrants to the Noteholders pursuant to the Subscription Agreement and the Noteholders may demand for immediate repayment if no warrant being granted within the Warrants Long Stop Date. For the interim financial reporting purpose, the Notes amounting to US$180,000,000 (equivalent to approximately HK$1,395,000,000) were accounted for straight bond carried at 9% per annum and repayable on demand.

Transaction costs directly attributable to the issuance of Notes amounting to HK$13,950,000 are included in the carrying amount of the Notes and amortised over the period of the Notes using the effective interest method.

Details of the issue of the Notes were set out in the Company's announcement dated 29 September 2016.

17. Capital commitments

	30 September 2016 (Unaudited) ***HK$'000***	31 March 2016 (Audited) *HK$'000*
Capital expenditure in respect of potential acquisition contracted for but not provided in the condensed consolidated financial statements	**1,140,189**	46,000
Capital expenditure in respect of possible share subscription contracted for but not provided in the condensed consolidated financial statements *(Note)*	**592,000**	–
Capital expenditure in respect of potential capital contribution to an associate contracted for but not provided in condensed consolidated financial statements	**9,307**	–

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

Details of the above are set out in the joint announcement of the Company and Hua Lien dated 21 July 2016.

18. Events after the reporting period

(a) Acquisition of Hui Kai Holdings Limited ("Hui Kai Holdings") and its subsidiaries

On 14 October 2016, the Group served a written notice to Hui Kai Holdings to exercise the call option to acquire the entire equity interest of Hui Kai Holdings. On 24 October 2016, the Group has settled the remaining consideration and completed the acquisition. The Company is in progress of assessing the financial impact of the acquisition.

Details are set out in the Company's announcement dated 16 October 2016.

(b) Proposed rights issue

On 2 September 2016, the Company proposed to raise approximately HK$3,002 million by way of the rights issue, pursuant to which the Company has conditionally agreed to allot and issue 3,002,184,872 rights shares ("Rights Share") at the subscription price of HK$1.00 per Rights Share on the basis of two Rights Shares for every one existing ordinary share of the Company held on 21 October 2016. On 11 October 2016, the shareholders of the Company passed the resolution of the proposed rights issue.

Details of the above are set out in the Company's announcements dated 2 September 2016 and 11 October 2016, the subscription of right shares has been completed on 18 November 2016.

(c) ***Acquisition of RCBG Residential (UK) Limited ("RCBG") and MRB Residential Holdings Limited and its Subsidiaries ("MRB Group")***

On 3 November 2016, the shareholders of the Company passed the resolution of the acquisition of the entire equity interest of RCBG and MRB Group and accepting the assignment of the shareholders' loans of the RCBG and MRB Group. On 4 November 2016, the Group has settled the remaining consideration and completed the acquisitions.

Details of the above are set out in the Company's announcement dated 3 November 2016.

(d) ***Resignation and appointment of executive directors***

On 28 October 2016, Mr. Hu Yebi has resigned from his office as an executive director of the Company and on the same date, Mr. Ye Fei, has been appointed as an executive director of the Company.

Details of the above are set out in the Company's announcement dated 28 October 2016.

(e) ***Acquisition of distressed assets***

On 19 November 2016, the Group won a bid for the distressed assets through auction comprised a 10-storey hotel property in Hangzhou of the PRC, with a consideration of RMB1,120,000,000 (equivalent to HK$1,265,600,000). The Company has obtained the shareholders' approval in relation to this acquisition. As at 30 November 2016, a deposit of RMB400,000,000 (equivalent to HK$448,420,000) has been paid by the Group.

Details of the above are set out in the Company's announcement dated 21 November 2016.

(f) ***Acquisition of Leon Property Limited***

On 24 November 2016, Wide Flourish Investments Limited ("Wide Flourish"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Leon Property Holdings Limited, pursuant to which Wide Flourish has conditionally agreed to purchase the entire equity interest of Leon Property Limited and repaid the shareholder's loan of Leon Property Limited. The principal asset of Leon Property Limited is property located in Hammersmith, the West of London, which is being valued at GBP103,500,000 (equivalent to approximately HK$1,035 million). The property is currently financed by a mortgage loan of Leon Property Limited of approximately GBP60,000,000 (equivalent to approximately HK$600,000,000). The aggregate consideration for the transaction is estimated to be GBP45,100,000 (equivalent to approximately HK$451,000,000) and a refundable deposit amounting to GBP5,000,000 (equivalent to approximately HK$50,000,000) has been paid by the Company.

Details of this proposed acquisition are set out in the Company's announcement dated 25 November 2016.

19. Comparative figures

Certain comparative figures have been reclassified in the condensed consolidated financial statements so as to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Company Name

Pursuant to a special resolution passed in the extraordinary general meeting held on 8 July 2016, the English name of the Company was changed from "Bestway International Holdings Limited" to "Tai United Holdings Limited" and a new Chinese name "太和控股有限公司" was in place of the existing Chinese name "百威國際控股有限公司".

Capital Structure

During the six months ended 30 September 2016, no material fluctuation was noted on the Company's overall capital structure.

Group Results

The Group's revenue for the six months ended 30 September 2016 was approximately HK$2,617 million which was mainly contributed by the business of commodities trading and distressed assets investment. The net loss for the period was mainly due to (i) increase in finance costs of approximately HK$33 million; (ii) increase in exchange loss arising from the depreciation of Renminbi of approximately HK$25 million; (iii) increase in employee benefits expenses of approximately HK$19 million and the other operating expenses of approximately HK$36 million which were incurred by the rapid business development during the period. The loss attributable to the owners of the Company for the six months ended 30 September 2016 was HK$106 million (six months ended 30 September 2015: HK$3.8 million. The basic loss per share for the six months ended 30 September 2016 were HK7.26 cents (six months ended 30 September 2015: HK0.30 cents).

BUSINESS REVIEW AND OUTLOOK

Commodities and securities trading

The Company commenced the commodities trading business in late 2015, with a trading portfolio including but not limited to petroleum, crude oil, and precious metals such as copper, nickel and aluminum. For the six months ended 30 September 2016, the total transaction amount of the commodities trading completed by the Group is approximately HK$2,590 million and the average transaction amount of each trade was approximately HK$81 million.

In view of the leading position and prosperity of Hong Kong and the PRC stock markets, the Company commenced the securities trading business in early 2016. It targets to carry out investments in quality or blue-chip stocks with large market capitalization and stable dividend income on the Hong Kong Stock Exchange, Shanghai Stock Exchange or Shenzhen Stock Exchange with an investment objective to seize capital gain and dividend income. As at 30 September 2016, the financial assets classified as held-for-trading investments of the Group amounted to approximately HK$1,084 million.

Distressed assets investment

The Group actively bids for acquisition of distressed bank loan portfolio with quality property collaterals through public tenders in the PRC, with a view to realising the potential upside of the underlying collateral assets. As at 30 September 2016, the fair value of the distressed loan investment portfolios held by the Group amounted to approximately HK$433 million. The underlying collateral assets includes residential, industrial and commercial buildings and land use rights located in PRC as collaterals.

Mining of tungsten in Mongolia

The directors are actively exploring the optimal way to commence the production of the mines. The directors expect that the exploitation of the mines will take place no later than the end of 2018.

Sales of Medical equipment and other general goods

The medical equipment and other general goods trading sector picks up steadily since commencement of business in November 2014. For the six months ended 30 September 2016, revenue generated from the trading of medical equipment and other general goods amounted to approximately HK$12.1 million, increasing from approximately HK$9.8 million for the six month ended 30 September 2015.

Acquisition of Financial services business

In January 2016, the Company entered into an agreement to acquire the entire equity interest in (i) Hui Kai Futures, which is principally engaged in trading and brokerage of futures contracts with type 2 licence under the SFO; (ii) Hui Kai Asset Management, which is principally engaged in asset management with type 9 licence under the SFO; and (iii) Easy Winning, which is principally engaged in money lending business, for an aggregate consideration of up to HK$56 million. The Company was also granted an option to further acquire the entire equity interest in Hui Kai Holdings Limited, through Hui Kai Securities which is principally engaged in brokerage of securities and margin financing with type 1 licence under the SFO for a consideration up to HK$120 million.

On 24 October 2016, the Group has exercised the option and settled the remaining consideration and completed the acquisition. The Group preliminarily plan to utilise the business operations as the financial services platform to carry out investment and assets management businesses in the future.

Hua Lien Acquisition

As disclosed in the joint announcement of the Company and Hua Lien dated 21 July 2016, the Company had entered into an agreement with Hua Lien to subscribe for a total of 3,700,000,000 shares in Hua Lien (representing approximately 55.3% of the enlarged issued share capital of Hua Lien upon issue of the subscription shares to the Company and the issue of an additional 800,000,000 placing shares to independent third parties therewith simultaneously) at the subscription price of HK$0.16 per share in Hua Lien for a total subscription monies of approximately HK$592 million. It was further announced by the Company on the date of this announcement that the Company is in negotiation with the parties to the Subscription Agreement to amend certain terms of the Subscription Agreement. The negotiation is still on-going as at the date of this announcement. Shareholders and potential investors are referred to the separate announcement of the Company of even date for update of the transaction.

Outlook

Looking forward, China's economy is facing challenges with opportunities ahead. It has been the strategy of the Group from time to time to review the existing business portfolio and explores new potential projects in order to provide new and sustainable drivers for the Group's overall performance.

As disclosed in the Business Update Announcement dated 26 October 2016, the Company intended to develop property investment business by establishing a portfolio of quality commercial (including hospitality) and residential properties located in the major cities of the United Kingdom and other countries. On 4 November 2016, the Group successfully acquired the freehold property known as 6-9 Buckingham Gate, London with consideration of approximately HK$1,156 million.

On 24 November 2016, the Group has conditionally agreed to purchase the entire equity interest in Leon Property Limited. The principal asset is property located in Hammersmith, the West of London, which is being valued at GBP103.5 million (equivalent to HK$1,035 million). The property is currently financed by a mortgage loan of Leon Property Limited of approximately GBP60 million (equivalent to approximately HK$600 million). The aggregate consideration is estimated to be GBP45.1 million (equivalent to approximately HK$451 million). The Board believes that the Acquisitions would further enhance the Group's portfolio of investment property and generate a steady and promising rental income to the Group.

Also, as disclosed in the announcement of the Company dated 21 November 2016, the Group has won a bid for distressed assets at a consideration of RMB1,120 million (equivalent to HK$1,265.6 million), the distressed asset is a hotel facility located at No. 555 Fengqi Road, Hangzhou City, Zhejiang Province, the PRC and is commonly known as "Wyndham Grand Plaza Royale Hangzhou". It is accredited as a five-star hotel by the China National Tourism Administration. The directors believe that the distressed asset, after the alteration and redecoration, will be well equipped for realising the potential upsides of the investment.

The Board believes that the entering into of these agreements of acquiring properties has a very good prospect and benefit to the Shareholders by providing steady rental income and potential appreciation opportunities.

FINANCIAL REVIEW

Revenue and other income

The Group recorded revenue for the period of HK$2,617 million, which was a significant increase when comparing with the same period of previous year. This was mainly due to the Group has started a series of new businesses since December 2015. The incorporation of new businesses has further strengthened the business base and enriched the business model of the Group. Although the overall result is negative in the period, the board has confidence that the reorganised business structure will be an advantage to the Group to have rapid and smooth business development in long run.

Other gain and losses

During the period, the Group has recorded an exchange loss of approximately HK$25 million, which was mainly due to the depreciation of Renminbi. Our management will continue to monitor the foreign exchange exposure and will consider effecitve tools to hedge the foreign currency risk when necessary.

Employee benefits expenses

Employee benefits expenses of the Group amounted to approximately HK$21 million, the amount for the same period of previous year was HK$2 million. Such increase was mainly attributable to the expansion in number of headcount in order to cope with new businesses development.

Other operating expenses

Other operating expenses were HK$41 million, which increased by HK$35.7 million compared to previous period. The increase in other operating expenses was mainly due to the increase in rental expenses of HK$13.1 million and legal and professional fee of approximately HK$4.6 million.

FOREIGN EXCHANGE EXPOSURE

The Group's financial statements are denominated in Hong Kong dollar ("**HKD**"). The Group conducts its business transactions mainly in HKD, United States dollar ("**USD**") and Renminbi. As the HKD is pegged with the USD, there is no material exchange risk in this respect. To manage the fluctuation of the Renminbi exchange rate, the Group has successfully generated revenue in Mainland China to hedge Renminbi receipts and payments on an ongoing basis. All of the Group's loan facilities have been denominated in HKD or USD.

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period of the Group as at 30 September 2016 are set out in note 18 to the announcement.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 30 September 2016 are set out in note 17 to the announcement.

CURRENT AND GEARING RATIOS

As at 30 September 2016, the Group's bank balances and cash amounted to approximately HK$2,277.4 million (as at 31 March 2016: HK$522.6 million). The Group's net assets value amounted to approximately HK$751.3 million (as at 31 March 2016: HK$857.9 million) with total assets approximately HK$5,393.1 million (as at 31 March 2016: HK$1,887 million). Net current assets were approximately HK$186 million (as at 31 March 2016: HK$474.3 million).

The current ratio was 1.04 times (as at 31 March 2016: 1.51 times) and gearing ratio was 0.64 times (as at 31 March 2016: 0.32) represented on the basis of net debt divided by the total equity plus net debt. Net debt is calculated as the sum of the borrowings loan notes and loan from ultimate holding company less cash and cash equivalents.

CHARGES ON GROUP'S ASSETS

As at 30 September 2016, according to the settlement arrangement with certain trade payables in relation to purchase of metal-related products, the Group had placed deposits amounting to HK$474.7 million (31 March 2016: Nil) into a restricted bank account of the Group which carried interest rate ranging from 1.74% to 1.88% per annum.

As at 30 September 2016, the margin financing was arranged with securities brokers which are independent third parties and secured by held-for-trading investments of the Group amounting to approximately HK$1,059 million (31 March 2016: HK$150.9 million), carried interest ranging from 4.0% to 6.7% (31 March 2016: 5.0% to 6.0%) per annum and repayable on demand.

As at 30 September 2016, the vendor financing loan was arranged in relation to the purchase of distressed debt assets and secured by the respective distressed debt assets amounting to 211.2 million (31 March 2016: Nil), carried interest at 10.5% per annum and repayable within one year.

On 28 September 2016, in accordance with the loan notes and warrant subscription agreement, the Group pledged all the shares of two wholly-owned subsidiaries, Best Future Investments Limited and Hongrong Financial Holding (Shenzhen) Co., Ltd to a security agent, Songhua Investment Holding Limited who held securities on behalf of the investors who subscribed loan notes of approximately HK$1,395 million (details of the loan notes are set out in note 16). The collaterals will be discharged when the net assets value of the Tai United exceeding HK$3 billion with debt ratio not exceeding 200%.

CONTINGENT LIABILITIES

As at 30 September 2016, the Group did not have significant contingent liabilities (31 March 2016: Nil).

EMPLOYEE INFORMATION

As at 30 September 2016, the Group had approximately 50 full time managerial, administrative employees. The Group affords competitive remuneration packages to its employees based on prevailing and industry practice. Compensation policies are reviewed regularly and are designed to reward and motivate productivity and performance.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2016, the Board has adopted and complied with the code provisions of Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules (the "CG Code") in so far they are applicable except for the following deviation:

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code of Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of directors. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2016.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the CG Codes for the purposes of reviewing the Group's financial reporting process and internal controls. The Audit Committee comprises all the three independent non-executive directors. The members of the Audit Committee (Ms. Liu Yan, Mr. Mao Kangfu and Dr. Gao Bin) have reviewed the unaudited financial statements of the Group for the six months ended 30 September 2016 and are of the opinion that such statements comply the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (http://www.irasia.com/listco/hk/taiunited/index.htm) and the Stock Exchange (http://www.hkex.com.hk). The interim report of the Company for 2016 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

We take this opportunity to express our gratitude to the shareholders of the Company for their continued support and our directors and our staffs for their contribution to the Company.

On behalf of the Board
Tai United Holdings Limited
Meng Zhaoyi
Chairman and chief executive officer

Hong Kong, 30 November 2016

As at the date of this announcement, the Board comprises Dr. Meng Zhaoyi, Dr. Liu Hua, Mr. Chen Weisong, Mr. Xu Ke and Mr. Ye Fei as executive Directors and Mr. Mao Kangfu, Dr. Gao Bin and Ms. Liu Yan as independent non-executive Directors.