



National United Resources Holdings Limited

國家聯合資源控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code : 254

2017

Interim Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ji Kaiping (*Chairman*)
Mr. Guo Peiyuan

Non-executive Director

Mr. An Jingwen

Independent Non-executive Directors

Mr. Li Wen
Mr. Qiu Ke
Ms. Chen Yen Yung

COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

AUDIT COMMITTEE

Mr. Li Wen (*Committee Chairman*)
Mr. An Jingwen
Mr. Qiu Ke
Ms. Chen Yen Yung

REMUNERATION COMMITTEE

Mr. Qiu Ke (*Committee Chairman*)
Mr. An Jingwen
Mr. Li Wen
Ms. Chen Yen Yung

NOMINATION COMMITTEE

Mr. Ji Kaiping (*Committee Chairman*)
Mr. Li Wen
Mr. Qiu Ke
Ms. Chen Yen Yung

AUTHORISED REPRESENTATIVES

Mr. Ji Kaiping
Ms. Chan Pui Shan, Bessie

LEGAL ADVISOR

Baker & McKenzie

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKERS

Bank of Shanghai (Hong Kong) Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Unit 2806, 28th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.nur.com.hk

STOCK CODE

254

RESULTS

The board (the “Board”) of directors (the “Directors”) of National United Resources Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017 (the “Current Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	5	30,113	21,775
Cost of sales		(15,776)	(18,007)
Gross profit		14,337	3,768
Other income	6	3,245	34,430
Administrative and other operating expenses		(107,205)	(54,652)
Amortisation of intangible assets		–	(2,157)
Loss from operations		(89,623)	(18,611)
Finance cost	7	(27,813)	(15,965)
Fair value (loss)/gain of derivative instruments		(276)	213,319
Provision of prepayment		–	(233,679)
Impairment losses on goodwill		–	(326,342)
Impairment losses on intangible assets		(497)	–
Impairment losses on trade receivables		–	(770)
Impairment losses on interests in associates		–	(208,944)
Loss on deconsolidation of subsidiaries		–	(160,568)
Loss before tax		(118,209)	(751,560)
Income tax expense	8	–	(1,287)
Loss for the period	9	(118,209)	(752,847)

		Six months ended 30 June	
Notes	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	
Attributable to:			
Owners of the Company	(112,725)	(751,942)	
Non-controlling interests	(5,484)	(905)	
	(118,209)	(752,847)	
Loss per share attributable to owners of the Company			
– Basic (HK cents per share)	(1.76)	(12.48)	
– Diluted (HK cents per share)	(1.76)	(12.48)	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss for the period	9	(118,209)	(752,847)
Other comprehensive loss:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(5,523)	(5,662)
Exchange differences reclassified to profit or loss on deconsolidated of subsidiaries		—	4,684
Total comprehensive loss for the period		<u>(123,732)</u>	<u>(753,825)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(118,207)	(752,614)
Non-controlling interests		(5,525)	(1,211)
		<u>(123,732)</u>	<u>(753,825)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	12	111,831	165,341
		<u>111,831</u>	<u>165,341</u>
Current assets			
Trade receivables	13	673	404
Prepayments, deposits and other receivables	14	169,814	188,037
Financial assets at fair value through profit or loss		1,930	2,325
Pledged bank deposits		—	65,000
Bank and cash balances		2,038	47,457
		<u>174,455</u>	<u>303,223</u>
Current liabilities			
Trade payables	16	38,334	44,949
Other payables and accruals	17	162,255	150,150
Derivative instruments		—	10,000
Borrowings	18	167,240	217,455
Convertible bonds	15	182,600	24,652
Non-convertible bonds	19	90,116	10,963
Finance lease payables	20	43,756	43,692
Tax payable		23,491	24,496
		<u>707,792</u>	<u>526,357</u>
Net current liabilities		<u>(533,337)</u>	<u>(223,134)</u>
Total assets less current liabilities		<u>(421,506)</u>	<u>(57,793)</u>

	Notes	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Non-current liabilities			
Convertible bonds	15	–	133,316
Non-convertible bonds	19	–	89,892
Finance lease payables	20	154,988	173,697
		154,988	(396,905)
NET LIABILITIES		(576,494)	(454,698)
Capital and reserves			
Share capital	22	3,178,754	3,178,754
Reserves		(3,756,671)	(3,640,400)
Equity attributable to owners of the Company		(577,917)	461,646
Non-controlling interests		1,423	6,948
TOTAL EQUITY		(576,494)	(454,698)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the Company (unaudited)							Total equity HK\$'000
	Share capital HK\$'000	Share-based payment reserve HK\$'000	Equity component of convertible bonds HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2016 (audited) (restated)	3,080,114	39,248	37,838	(5,575)	(2,302,599)	849,026	35,985	885,011
Loss for the period	-	-	-	-	(751,942)	(751,942)	(905)	(752,847)
Other comprehensive loss for the period	-	-	-	(672)	-	(672)	(306)	(978)
Total comprehensive loss for the period	-	-	-	(672)	(751,942)	(752,614)	(1,211)	(753,825)
Deconsolidation of subsidiaries	-	-	-	-	-	-	(24,665)	(24,665)
Conversion of convertible bonds	16,800	-	(7,271)	-	-	9,529	-	9,529
Issue of shares	81,840	-	-	-	-	81,840	-	81,840
At 30 June 2016	<u>3,178,754</u>	<u>39,248</u>	<u>30,567</u>	<u>(6,247)</u>	<u>(3,054,541)</u>	<u>187,781</u>	<u>10,109</u>	<u>197,890</u>
At 1 January 2017 (audited)	3,178,754	34,313	60,141	1,195	(3,736,049)	(461,646)	6,948	(454,698)
Loss for the period	-	-	-	-	(112,725)	(112,725)	(5,484)	(118,209)
Other comprehensive loss for the period	-	-	-	(5,482)	-	(5,482)	(41)	(5,523)
Total comprehensive income/(loss) for the period	-	-	-	(5,482)	(112,725)	(118,207)	(5,525)	(123,732)
Equity component of convertible bonds	-	-	1,936	-	-	1,936	-	1,936
Lapsed of share options	-	(15,641)	-	-	15,641	-	-	-
At 30 June 2017	<u>3,178,754</u>	<u>18,672</u>	<u>62,077</u>	<u>(4,287)</u>	<u>(3,833,133)</u>	<u>(577,917)</u>	<u>1,423</u>	<u>(576,494)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
Notes		HK\$'000 (unaudited)	HK\$'000 (unaudited)
	Net cash (used in)/generated from operating activities	(28,130)	9,872
	Cash flows from investing activities		
	Interest received	142	9,128
	Purchases of property, plant and equipment	–	(222)
	Net cash inflow arising on disposal of a subsidiary	2,123	–
21	Cash and cash equivalents of subsidiaries deconsolidated	–	(42,717)
	Proceeds from disposal of property, plant and equipment	10,498	–
	Proceeds from disposal of club membership	–	50
	Subscription of bond	–	(30,000)
	Net cash generated from/(used in) investing activities	12,763	(63,761)
	Cash flows from financing activities		
	Proceeds from new borrowing	11,562	–
	Repayment of borrowings	(61,777)	–
	Proceeds from issue of non-convertible bonds	–	90,500
	Repayment of non-convertible bonds	(11,000)	(209,000)
	Proceeds from issue of shares	–	81,840
	Repayment of finance lease payables	(26,312)	(569)
	Net cash used in financing activities	(87,527)	(37,229)

	Six months ended	
	30 June	
Notes	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net decrease in cash and cash equivalents	(102,894)	(91,118)
Effect of foreign exchange rate changes	(7,525)	(5,416)
Cash and cash equivalents at beginning of period	<u>112,457</u>	<u>420,887</u>
Cash and cash equivalents at end of period	<u>2,038</u>	<u>324,353</u>
Analysis of cash and cash equivalents		
Pledged bank deposits	–	200,000
Bank and cash balances	<u>2,038</u>	<u>124,353</u>
	<u>2,038</u>	<u>324,353</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Unit 2806, 28th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The Company's shares (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group was principally engaged in car rental, resources trading and provision of online platform for the trading and deferred spot delivery services of precious metals during the current period.

2. BASIS OF PREPARATION

The financial information relating to the financial year ended 31 December 2016 that is included in this interim report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company will deliver the financial statements for the year ended 31 December 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor disclaimed their opinion in the auditor's reports dated 9 July 2019; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance; and contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2017 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The unaudited condensed financial statements should be read in conjunction with the Group's 2016 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2016.

Going concern

The Group incurred a loss of approximately HK\$118,209,000 for the six months ended 30 June 2017 and as at 30 June 2017 the Group had net current liabilities of approximately HK\$533,337,000 and net liabilities of approximately HK\$576,494,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Trading in the shares of the Company on The Stock Exchange of Hong Kong Limited was suspended on 1 August 2016.

The financial statements have been prepared on a going concern basis that the restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligation as they fall due in the foreseeable future.

Deconsolidation of subsidiaries

The financial statements have been prepared based on the books and records currently maintained by the Group. However, due to the loss of contact with former directors, the directors of the Company (the “Directors”) considered that the control over the following subsidiaries has been lost from 1 January 2016. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group from 1 January 2016:

山東耀齊經貿有限公司

(formerly known as: 山東創先投資諮詢有限公司)

深圳市星星雨傳媒有限公司

北京創先智尚資產管理有限公司

北京市潮順信息諮詢有限公司

北京巨屏傳媒廣告有限公司

國合源融資租賃有限公司

山東國源國際貿易有限公司

蘊翰(上海)投資管理有限公司

北京凱大瑞馳投資管理有限公司

昌吉州寧常鋁業有限公司

遐興(上海)投資管理有限公司

北京凱大瑞博科技有限公司

深圳市臻輝文化發展有限公司

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments:

- (i) Car rental – provision of car rental services
- (ii) Online platform – provision of online platform for the trading and deferred spot delivery services of precious metals
- (iii) Media and advertising – media and advertising
- (iv) Resources trading – trading of coking coal

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment.

Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that interest and other income, finance costs and unlocated corporate expenses.

Segment assets exclude cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowings, tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

There were no inter-segment sales in the current period (six months ended 30 June 2016: Nil).

(a) Information about reportable segment profit or loss, assets and liabilities are summarised as follow:

	Car rental		Online platform		Media and advertising		Resource trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue										
Revenue from external customers	15,488	-	14,625	21,775	-	-	-	-	30,113	21,775
Segment results	(14,266)	-	(14,266)	(1,082)	-	-	(37,565)	(14,250)	(66,097)	(15,332)
Interest income on bank deposits									142	2,610
Other income									3,103	31,820
Unallocated expenses									(26,771)	(37,709)
Loss from operations									(89,623)	(18,611)
Finance cost									(27,813)	(15,965)
Fair value gain of derivative instruments									(276)	213,319
Provision of prepayment									-	(233,679)
Impairment losses on goodwill									-	(326,342)
Impairment losses on trade receivables									-	(770)
Impairment losses on intangible assets									(497)	-
Impairment losses on interests in associates									-	(208,944)
Loss on deconsolidation of subsidiaries									-	(160,568)
Loss before tax									(118,209)	(751,560)
Income tax expense									-	(1,287)
Loss for the period									(118,209)	(752,847)

	Car rental		Online platform		Media and advertising		Trading of coking coal		Total	
	At	At	At	At	At	At	At	At	At	At
	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)	30 June 2017 HK\$'000 (unaudited)	31 December 2016 HK\$'000 (audited)
Segment assets	157,094	259,812	17,669	49,679	-	1,615	95,112	128,587	269,875	439,684
Unallocated assets									16,411	28,880
Total assets									286,286	468,564
Segment liabilities	(260,197)	(254,177)	(10,287)	(25,942)	-	(434)	(74,549)	(74,983)	(345,033)	(355,536)
Unallocated liabilities									(517,747)	(567,726)
Total liabilities									(862,780)	(923,262)

(b) Geographical information*(i) Revenue from external customers*

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
PRC	30,113	21,775

The above revenue information is based on the locations of the customers.

(ii) *Non-current assets*

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Hong Kong	–	13,914
PRC	106,848	145,614
Mongolia	4,983	5,813
	111,831	165,341

The above non-current assets information is based on the locations of the assets.

(c) **Information about major customers**

Revenue from operations of HK\$11,295,000 was derived from one customer in car rental income from car rental segment which individually contributed 10% or more to the Group's revenue for the six months ended 30 June 2017. No revenue from customer which individually contributed 10% or more to the Group's revenue for the six months ended 30 June 2016.

5. REVENUE

Revenue represents the net invoiced value of services rendered during the period.

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Car rental income	15,488	–
Online trading service fee income	<u>14,625</u>	<u>21,775</u>
	<u>30,113</u>	<u>21,775</u>

6. OTHER INCOME

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Bank interest income	142	2,610
Net foreign exchange gain	1,321	–
Bond interest income	–	1,328
Gain on disposal of a subsidiary	942	–
Gain on disposal of financial assets at fair value through profit or loss	–	30,483
Sundry income	<u>840</u>	<u>9</u>
	<u>3,245</u>	<u>34,430</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank charges	–	161
Interest expenses on borrowings		
– interest on non-convertible bonds	3,356	6,797
– interest on convertible bonds	16,292	4,897
– interest on finance leases	7,667	86
– interest on other borrowings	98	–
– interest on bank borrowings	400	4,024
	<hr/>	<hr/>
	27,813	15,965
	<hr/>	<hr/>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax – the PRC Enterprise Income Tax		
Provision for the period	–	1,287
	<hr/>	<hr/>
	–	1,287
	<hr/>	<hr/>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the law of PRC on Enterprise Income Tax, the applicable income tax rate of the Group's subsidiaries in the PRC is 25% (2016: 25%).

9. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Directors' remuneration	355	6,083
Other staff salaries and benefits	2,567	8,110
Contributions to retirement benefit schemes	133	277
Total employee benefit expense	3,055	14,470
Depreciation	5,542	7,274
Amortisation of intangible assets	–	2,157

10. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**Basic loss per share**

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$112,725,000 (2016: HK\$751,942,000) and the weighted average number of ordinary shares of 6,411,770,500 (2016: 6,027,528,742) in issue during the period.

Diluted loss per share

No diluted loss per share for the six months ended 30 June 2017 and 2016 is presented as the effects of all convertible bonds and options are anti-dilutive for the period.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, property, plant and equipment approximately of HK\$nil was acquired by the Group (six months ended 30 June 2016: HK\$222,000).

During the six months ended 30 June 2017, property, plant and equipment approximately of HK\$11,977,000 was disposed by the Group (six months ended 30 June 2016: HK\$nil).

During the six months ended 30 June 2017, the carrying amount of motor vehicle of HK\$37,010,000 were written off due to a fire accident, please refer to the announcement made by the Company on 5 May 2017 for more detail.

13. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit or received in advance. The credit period is generally 30 days. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Overdue balances are reviewed regularly by the directors of the Company. The Group has concentration of credit risk on certain customers. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest bearing.

The aging analysis of trade receivables, based on the invoice date, is as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Within 30 days	673	404
Over 1 year	770	770
Less: Impairments	(770)	(770)
	673	404

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Amount due from associates	14,825	13,807
Other receivables	12,928	15,569
Guarantee deposit for finance lease payables	34,566	33,522
Paid in advance	216,083	216,083
Prepayments and deposits	17,795	35,439
	<hr/>	<hr/>
	296,197	314,420
Impairment	(126,383)	(126,383)
	<hr/>	<hr/>
	169,814	188,037

15. CONVERTIBLE BONDS

On 27 October 2015, the Company issued a convertible bonds in the principal amount of HK\$65,735,900 which bear interest rate of 4.5% per annum. (the "2015CB"). The 2015CB is convertible into ordinary shares of the Company within 24 months from the date of issue at a conversion price of HK\$0.265 per conversion share (subject to adjustment), and a maximum of 248,060,000 conversion shares can be issued. At 30 June 2017, the outstanding principal amount are HK\$26,500,000.

On 10 November 2015, the Company issued a zero-coupon convertible bonds in the principal amount of HK\$120,000,000 (the "QDCB1") as part of the consideration for the acquisition of 70% equity interest in the entire issued share capital of Million Fortune International Investment Limited. The QDCB1 is convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.40 per conversion share (subject to adjustment), and a maximum of 300,000,000 conversion shares can be issued. All the QDCB1 will be redeemed by the Company at par on 9 November 2018. At 30 June 2017, the outstanding principal amount are HK\$55,580,000.

On 6 September 2016, the Company issued a convertible bonds in the principal amount of HK\$140,000,000 (the "TMCB1") which bear interest rate of 3% per annum as part of the consideration for the acquisition of 100% equity interest in the entire issued share capital of Gear World Development Limited. The TMCB1 is convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.30 per conversion share (subject to adjustment), and a maximum of 466,666,666 conversion shares can be issued. At 30 June 2017, the outstanding principal amount are HK\$140,000,000.

On 31 March 2017, the Company issued a zero-coupon convertible bonds in the principal amount of HK\$13,220,218 (the "QDCB2") as part of the consideration for the acquisition of 70% equity interest in the entire issued share capital of Million Fortune International Investment Limited. The QDCB2 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.40 per conversion share (subject to adjustment), and a maximum of 33,050,045 conversion shares can be issued. All the QDCB2 will be redeemed by the Company at par on 30 March 2020. At 30 June 2017, the outstanding principal amount are HK\$13,220,018.

The liability component of convertible bonds recognised at the end of the reporting period is analysed as follows:

	HK\$'000
Liability component	
At 1 January 2016 (audited)	62,889
At date of issue	88,590
Converted into shares	(9,529)
Interest charged	<u>16,018</u>
At 31 December 2016 and 1 January 2017 (audited)	157,968
At date of issue	8,340
Interest charged	<u>16,292</u>
Liability component at 30 June 2017 (unaudited)	<u><u>182,600</u></u>

16. TRADE PAYABLES

The aging analysis of trade payables, based on the invoice date, is as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Within 30 days	–	1,984
31 – 60 days	–	4,630
Over 1 year	<u>38,334</u>	<u>38,335</u>
	<u>38,334</u>	<u>44,949</u>

17. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Other payables	117,977	90,550
Receipt in advance	44,056	52,363
Accruals	<u>222</u>	<u>7,237</u>
	<u>162,255</u>	<u>150,150</u>

18. BORROWINGS

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Bank loan	–	61,778
Other loans	<u>167,240</u>	<u>155,677</u>
	<u>167,240</u>	<u>217,455</u>

All borrowings are repayable on demand or within one year.

19. NON-CONVERTIBLE BONDS

During the year ended 31 December 2016, the Company issued twelve 6% non-convertible bonds (the “Bonds”) with total nominal value of HK\$90,500,000. The Bonds are redeemable at the discretion of the Company at 100% of the principal amount of such Bonds together with payment of interests accrued up to date of such early redemption by serving at least ten calendar days written notice at any time before the maturity date. The Bonds will be redeemed on the date immediately following twelve to twenty-four months after the first date of issue of the Bonds. The Bonds carry interest at a rate of 6% per annum, which is payable annually in arrears.

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
At beginning of the period/year	100,855	254,754
Bonds issued during the year	–	90,500
Repayment	(11,000)	(245,000)
Interest charged	3,356	10,692
Interest payable classify to other payables	(3,095)	(10,091)
	<hr/>	<hr/>
At the end of the period/year	90,116	100,855
Portion classified as current liabilities	(90,116)	(10,963)
	<hr/>	<hr/>
Non-current portion	–	89,892
	<hr/>	<hr/>

20. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 3 years (31 December 2016: 4 years). The effective borrowing rates were ranging from 6.4% to 7.3% (31 December 2016: 2.5% to 7.3%) per annum. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Within one year	50,926	60,170	43,756	43,692
In the second year	56,221	55,562	46,738	45,001
In the third to fifth years, inclusive	129,620	147,574	108,250	128,696
	<u>236,767</u>	<u>263,306</u>	<u>198,744</u>	<u>217,389</u>
Future finance charges	(38,023)	(45,917)	N/A	N/A
Present value of lease obligations	<u>198,744</u>	<u>217,389</u>	<u>198,744</u>	<u>217,389</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)			(43,756)	(43,692)
Non-current portion			<u>154,988</u>	<u>173,697</u>

21. DISPOSAL OF A SUBSIDIARY

In the six months ended 30 June 2017, the Group disposed its subsidiary, Rational Reward Limited (the “Rational Reward”) at a consideration of HK\$2,123,000.

	Rational Reward HK\$'000
Net assets at the date of disposal were as follows:	
Property, plant and equipment	984
Prepayments, deposits and other receivables	631
Other payables and accruals	<u>(434)</u>
Net assets disposed of	1,181
Gain on disposal of a subsidiary	<u>942</u>
Total consideration satisfied by cash	<u>2,123</u>
Net cash inflow arising on disposal:	
Cash consideration received	<u>2,123</u>

22. SHARE CAPITAL

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Issued and fully paid: 6,411,770,500 (2016: 6,411,770,500) ordinary shares	3,178,754	3,178,754

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares issued '000	Share capital HK\$'000
At 1 January 2016 (audited)	5,873,771	3,080,114
Conversion of convertible bond	42,000	16,800
Shares issued pursuant to the share subscription (note a)	<u>496,000</u>	<u>81,840</u>
At 31 December 2016 (audited), 1 January 2017 and 30 June 2017 (unaudited)	<u>6,411,771</u>	<u>3,178,754</u>

Note:

(a) Share subscription

On 11 May 2016, the Company issued 496,000,000 shares respectively, at a price of HK\$0.165 per share under the general mandate granted to the Directors by a resolution of the shareholders of the Company passed at the annual general meeting of the Company held on 1 June 2015 pursuant to the subscription agreement dated 11 April 2016.

23. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

	As at 30 June 2017 HK\$'000 (unaudited)	As at 31 December 2016 HK\$'000 (audited)
Indemnity related to a former subsidiary (note 24(b))	7,313	7,092

24. PENDING LITIGATIONS

At the end of the reporting period, the Group had the following pending litigations:

- (a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK\$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the Directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an amended writ of summons was served on the Company by the lender of the Group to clarify that the individual third party acted as an agent of the lender. The Directors have instructed the lawyer of the Company to handle this matter. The loan advanced by the lender of HK\$1,523,000 together with interest and penalty of HK\$1,149,000, totaling of approximately HK\$2,672,000, were accrued in the condensed consolidated financial statements (included in other borrowings and other payables and accruals, respectively) and has not yet been settled as at 30 June 2017.

The Court has granted an order to adjourn sine die the plaintiffs' application to set down this case on 15 March 2006. That is to say, the lender and its agent have temporarily withheld the proceedings against the Company. This claim has not been settled up to the date of approval of these interim financial statements.

- (b) According to an agreement entered into by the Company, two of its subsidiaries and two independent third parties in February 2003, the Group had disposed of a subsidiary, World Giant Limited (“World Giant”), a company engaged in property investment in the PRC. In this connection, the Company has undertaken to indemnify World Giant for, among others, any increase in the liabilities of World Giant as a result of any claim for taxation arising from any transactions effected on or before the completion date of the above disposal. In October 2004, World Giant received a payment request from the PRC tax authority in respect of PRC property taxes relating to the property held by World Giant, including the late payment surcharge levied by the tax authority, of which approximately an amount of RMB6,100,000 related to transactions on or before the completion date. The existing management of World Giant had indicated to the Directors that the amount in respect of transactions on or before the completion date should be paid by the Company. In February 2005, a Writ of Summons was served on the Company demanding the payment of approximately RMB6,100,000. However, such amounts were covered by the amount accrued in the financial statements of World Giant at the time of disposal. Accordingly, in the opinion of the Directors and having obtained an opinion from the Company’s lawyer, the Group or the Company has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved of approximately RMB6,100,000, equivalent to approximately HK\$7,716,000 (2014: RMB6,100,000, equivalent to approximately HK\$7,690,000), has been shown as contingent liabilities in note 23 to the condensed consolidated financial statements.

The Writ of Summons was served on the Company in February 2005. The Company has not received further claims from the plaintiff up to the date of approval of these interim financial statements.

- (c) In 2014, five customers of AVIC Guojin have taken civil actions against AVIC Guojin in the court in Qingdao claiming the contracts of trading precious metals on the platform of AVIC Guojin being invalid and recovery of the related losses totalling approximately RMB11,000,000, equivalent to approximately HK\$13,131,000. In April 2015, the court in Qingdao handed down the judgment in favour of AVIC Guojin in one of the five cases and the successors of the deceased plaintiff in that case appealed against the judgment in May 2015. The court suspended the proceedings of the other four civil actions pending the results of the first case.

In May 2015, two customers of AVIC Guojin have taken civil actions against AVIC Guojin, Qingdao Xinshiyuan Precious Metal Limited (青島鑫世源貴金屬有限公司), and Qingdao Chengyang Sub-branch of China Construction Bank Corporation (中國建設銀行股份有限公司青島城陽支行) in court in Qingdao claiming the contracts of trading precious metals on the platform of AVIC Guojin being invalid and recovery of the related losses totalling approximately RMB1,600,000, equivalent to approximately HK\$1,910,000. The hearing of the case is still in progress and the court has not handed down the judgment as at the date of approval of these interim financial statements.

Having considered the foregoing judgment in April 2015 by the court in favour of the AVIC Guojin and taken the legal advice, the existing management of AVIC Guojin had indicated to the Directors that it is not probable that material loss will be suffered by AVIC Guojin. Therefore, no provision has been made for the above claims.

- (d) On 24 June 2015, First Concept Logistics Limited (“First Concept”), a wholly owned subsidiary of the Company, served a notice of arbitration (the “Notice”) on SouthGobi Sands LLC (“SGS”), being a wholly owned subsidiary of SouthGobi Resources Ltd. In the Notice, First Concept sought the repayment of approximately HK\$89,700,000 from SGS, according to a coal supply agreement dated 19 May 2014 between First Concept and SGS, representing the prepayment amount advanced by First Concept for the supply of coking coal by SGS to First Concept under such agreement. The arbitral proceedings are deemed to have commenced on 24 June 2015, as the date when the respondent received the Notice.

First Concept paid in advance to SGS for purchasing coals from SGS. However, SGS supplied and First Concept collected zero tonne of coal in the contracted period. As such, SGS refused to repay the advanced payment to First Concept. It is justified for First Concept to recover the advanced payment from SGS by legal action, and First Concept proceeded accordingly as mentioned above.

SGS has been ordered to pay the sum of US\$11.5 million (which SGS had received as a prepayment for the purchase of coal) to First Concept pursuant to an arbitration award dated 4 January 2018 (“Partial Award”).

First Concept and SGS entered into a deed of settlement on 16 November 2018 (“Settlement Deed”), pursuant to which First Concept has agreed to accept the sum of US\$14,282,070 as full and final satisfaction of the sums payable according to the Partial Award. Under the Settlement Deed, SGS shall pay the sum of US\$14,282,070 to First Concept in 12 monthly instalments with the last instalment payable on or before 30 September 2019.

- (e) On 15 January 2016, 北京市密雲縣勞動人事爭議仲裁院 (the Labour Dispute Arbitration Committee of Miyun County, Beijing City*) ruled that TMTC shall pay a compensation amount of RMB560,727 to the applicants in respect of an employee’s death caused during the course of the employment and TMTC shall also pay the applicants an dependant pension on a monthly basis. TMTC has made an appeal against the arbitration decision to the People’s Court of Miyun County, Beijing City which was rejected on 27 June 2016. TMTC had settled the compensation amount on 13 October 2016.

- (f) On 31 January 2019, the Company, First Concept Industrial Group Limited (“First Concept”) and NUR Clean Energy Investment Limited (“NUR Clean”) (wholly-owned subsidiaries of the Company) issued a writ of summons in the High Court of the Hong Kong Special Administrative Region against 9 defendants for (i) breach of fiduciary/director/employee/contractual duties; (ii) conspiracy; (iii) dishonest assistance; (iv) fraud; and (v) breach of contract. The defendants are Mr. Li Tao, Mr. Yang Fan (former director and chairman of the Company), Mr. Li Hui (former director of the Company, First Concept and NUR Clean), Mr. Feng Tao (former director and deputy general manager of First Concept), Mr. Chan Chon Hong (former employee of First Concept), Sincere Logistics Limited (“Sincere Logistics”), China Wish Limited (“China Wish”), Sino King Trading (HK) Co., Limited (“Sino King”), and Huge Power Co., Ltd (“Huge Power”).

25. RELATED PARTY TRANSACTIONS

- (a) The Group had the following transactions with its related parties during the period:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Car rental income received from an associate	11,295	—

- (b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Short term employee benefits	355	6,083

26. CAPITAL COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

	At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
Contracted, but not provided for – Property, plant and equipment	81,285	78,831

27. EVENTS AFTER THE REPORTING PERIOD

Reference is made to the Company's announcement dated 1 August 2016, 19 August 2016, 10 October 2017, 24 April 2018, 31 May 2018, 29 June 2018, 31 July 2018, 14 August 2018, 12 October 2018, 30 October 2018, 3 December 2018, 25 January 2019, 31 January 2019, 29 March 2019, 30 April 2019 and 19 June 2019 relating to, among others, the update of suspension of trading in the Shares on the Stock Exchange.

The Company is still actively carrying out all necessary action to fulfil all the resumption conditions before 31 July 2019, being the expiry of the 12-months period starting from the effective date of the amendments to the delisting framework under the Listing Rules.

On 19 June 2019, the Company submitted a resumption proposal to the Stock Exchange. The Company will use its best endeavour to fulfil all resumption conditions and resume trading of the shares of the Company on the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Current Period, the Group has engaged in business and reportable segment as follows:

(i) Car rental

The Group engages in (i) shuttle bus services for employees/students of institutional customers between the working places/schools to different residential communities by conventional energy vehicles and/or electric buses; (ii) car rental services; and (iii) car rental services for different business and leisure purpose such as pick-up services requested by the institutional or individual customers. The revenue from this business segment has been recorded since September 2016.

(ii) Online platform

The Group engages in the provision of online platform for trading and deferred spot delivery services of precious metals mainly being silver and copper, and other associated services including transaction settlement management, commodity delivery management and related consulting services to customers nationwide in the People's Republic of China (the "PRC").

The revenue of this segment represented the handling fees charged to end customers who utilized the online trading platform.

(iii) Resources trading

The Group had diversified its resources and business to trading of coking coal. The Group encountered downward trend for the past few years in this business segment and recorded no revenue in the six months ended 30 June 2017. The coal market continued to diminish and coal price remained at a low level due to ongoing sluggish demand and the stricter environmental protection governance.

(iv) Media and advertising

The Group operates outdoor advertisement mediums/billboards provision business, advertisement design and production, graphic and brand design services as well as corporate culture consultancy in the PRC and in Mongolia.

The Group also operated media and advertising business via 北京巨屏傳媒廣告有限公司 (Beijing Mega TV Media Advertisement Company Limited*) (“Beijing Mega TV Media”) through the Loan Agreement, the Share Charge, the Irrevocable Share Transfer Agreement, the Shareholders Undertaking, the Director Undertaking, the Management Agreement and the Assignment (the “Control Agreement”). For details of the Control Agreement, please refer to the 2015 Annual Report of the Company.

Through the Control Agreement, the Group may engage in indoor advertising business in the PRC through operating chain broadcasting networks of large screen television channels at the atriums of major shopping malls and department stores in the PRC.

However, due to the loss of control over Beijing Mega TV Media and the deconsolidation of its results, assets and liabilities and cash flows from the financial statements of the Group from 1 January 2016, no revenue from this segment arisen for the Current Period.

Due to the nil revenue and insignificant net asset of the business maintained since the year of 2016, this segment of business was fade-out and the leftover resources would be arranged for the rest of business operations and development.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS HELD

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2017 and did not have any significant investments held as at 30 June 2017.

* For identification purposes only

FINANCIAL REVIEW

Revenue

The Group's overall revenue increased from approximately HK\$21.8 million for the six months ended 30 June 2016 to approximately HK\$30.1 million for the six months ended 30 June 2017, representing an increase of approximately 38.3%.

The car rental business has contributed revenue since acquisition of Gear World Development Limited ("Gear World") in August 2016. Therefore, no revenue from Gear World and its subsidiaries was recorded in the first half of year 2016. The revenue from car rental business amounted to HK\$15.5 million for the Current Period and generated gross profit with 54.3% for the Current Period.

The revenue for the online platform for the Current Period was approximately HK\$14.6 million, represented a decrease of approximately 32.8% from approximately HK\$21.8 million for the corresponding period in 2016. The online platform generated gross profit with 40.5% for the Current Period. The online platform business was suspended during the Current Period.

There is no revenue from the resources trading business for the six months ended 30 June 2017 and 2016 as the coal market continued to diminish and coal price remained at a low level due to ongoing sluggish demand and the stricter environmental protection governance.

Cost of sales

The Group's cost of sales decreased from approximately HK\$18.0 million for the six months ended 30 June 2016 to approximately HK\$15.8 million for the six months ended 30 June 2017, representing a decrease of approximately 12.4%. The decrease was not in line with the increase in revenue due to the different composition of business of the six months ended 2017 and 2016.

Gross profit

The Group's gross profit amounted to approximately HK\$14.4 million and approximately HK\$3.8 million for the six months ended 30 June 2017 and 2016 respectively, representing an increase of approximately 280.5%. The increase was due to the consequential effect of car rental business bringing the high profit margin.

Administrative expenses

Administrative and other operating expenses were approximately HK\$107.2 million and HK\$54.7 million for the six months ended 30 June 2017 and 2016 respectively, representing an increase of HK\$52.5 million or 96.2%.

The increase was integrated effect of the followings: (i) In the case of the acquisition of Gear World completed in August 2016, the carrying amount of motor vehicles from car rental business of approximately HK\$37.0 million were written off due to a fire accident which was included in the administrative and other operation expenses, in addition to the administrative and other operating expenses from car rental business of approximately HK\$4.3 million occurred during the Current Period. (ii) The Staff cost of the Group including directors' remuneration was decreased by approximately HK\$11.5 million from approximately HK\$14.5 million for the corresponding period in 2016 to approximately HK\$3.1 million for the Current Period.

Impairment loss on intangible assets

During the Current Period, the Group purchased the intangible asset in cost of HK\$497,000. The intangible assets was duly impaired in the Current Period in order to reflect tangible assets of the Group only.

Finance cost

Finance cost of the Group for the Current Period amounted to approximately HK\$27.8 million, including interest on convertible bonds, non-convertible bonds, finance lease, bank borrowings and other borrowings, represented an increase of approximately HK\$11.8 million or 74.2%. For the Current Period, the most substantial finance cost was charged on convertible bonds amounted to approximately HK\$16.3 million. For the corresponding period in 2016, the most substantial finance cost was charged on non-convertible bonds amounted to approximately HK\$6.8 million.

Loss attributable to the owners of the Company

As a result of the aforesaid, the loss for period and loss attributable to the owners of the Company was approximately HK\$118.2 million and HK\$112.7 million for the Current Period respectively. The loss for the period and loss attributable to the owners of the Company was approximately HK\$752.8 million and HK\$752.0 million for the corresponding period in 2016.

CAPITAL STRUCTURE

As at 30 June 2017, the issued share capital of the Company was HK\$3,178,754,000 divided into 6,411,770,500 shares (the “Shares”).

During the Current Period, the Group financed its operating from disposal of property, plant and equipment and new borrowings. As at 30 June 2017, the cash and bank balances of the Group amounted to approximately HK\$2.0 million and no deposit had been pledged to secure any borrowings or loans (31 December 2016: HK\$112.5 million, in which HK\$65 million was deposits pledged to banks).

Issue of Convertible Bonds

On 31 March 2017, the Company issued the zero-coupon convertible bonds in the principal amount of HK\$13,220,018 (“QDCB2”) to Antel Classification Limited, World Dragon Enterprise Limited, Guojin Holdings Co. Ltd and Nuts Technology Co., Ltd (collectively, the “Vendors”) as part of the consideration for the acquisition of an aggregate of 7,000 ordinary shares of Million Fortune International Investment Limited (“Million Fortune”) (representing 70% equity interest in its entire issued share capital) (the “Acquisition of Million Fortune”). The QDCB2 are zero-coupon convertible bonds, which principal amount shall be repaid on the third anniversary of the date of issue. The QDCB2 entitle the holders to convert the QDCB2 into Shares at initial conversion price of HK\$0.40 per conversion share (subject to adjustments) during the period from the date of issue to the date of maturity and a maximum of 33,050,045 Shares can be issued under specific mandate granted to the Directors by a resolution of the shareholders of the Company passed at the general meeting of the Company held on 16 October 2015.

The initial conversion price of HK\$0.40 per conversion share (subject to adjustments) representing a premium of approximately 42.86% over the closing price of HK\$0.280 per Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2015, being the date of the sale and purchase agreement entered into between the Company, the Vendors, Ms. Sun Jianjing, Mr. Zhang Zhijie and Mr. Sun Xiaoyang, as the guarantors, in respect of the Acquisition of Million Fortune.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, The Group had current assets of approximately HK\$174.5 million (31 December 2016: HK\$303.2 million), while its current liabilities were approximately HK\$707.8 million (31 December 2016: HK\$526.3 million). The current ratio of the Group was approximately 0.2 times (31 December 2016: 0.6 times) and gearing ratio (total debt/total equity) was nil (31 December 2016: nil).

As at 30 June 2017, the Group had cash and cash equivalents of approximately HK\$2.0 million (31 December 2016: HK\$112.5 million). During the Current Period, the Group obtain financial resources for operation mainly from proceeds from disposal of property, plant and equipment of approximately HK\$10.5 million and proceeds from new borrowings of approximately HK\$11.6 million.

FOREIGN EXCHANGE EXPOSURE

For the six months ended 30 June 2017, the majority of the Group's income and expenses were denominated in Renminbi ("RMB") and Hong Kong dollars. Up to 30 June 2017, the management of the Company was of the opinion that the Group has insignificant exposure to foreign exchange risk. As a result, the Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the six months ended 30 June 2017. Nevertheless, the management of the Company will closely monitor and from time to time reassess the exchange risk exposures of the Group and enter into non-speculative hedging arrangements if considered necessary.

EMPLOYEE INFORMATION

As at 30 June 2017, the Group had 675 employees (including Directors) in Hong Kong and the PRC (31 December 2016: 575 employees). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares. There has been no major change in staff utilized policies during the six months ended 30 June 2017.

BORROWINGS

As at 30 June 2017, the Group recorded borrowings of approximately HK\$167.2 million (31 December 2016: HK\$217.5 million), which are repayable on demand or within one year, and no bank loan (31 December 2016: approximately HK\$61.8 million).

CAPITAL COMMITMENTS

As at 30 June 2017, the capital commitments of the Group were approximately HK\$81,285,000 (31 December 2016: HK\$78,831,000).

CHARGE ON GROUP ASSETS

As at 30 June 2017, the Group pledged property, plant and equipment with the net carrying account of approximately HK\$96.8 million to secure the finance lease payables of approximately HK\$198.7 million. As at 31 December 2016, the Group pledged property, plant and equipment with the net carrying amount of approximately HK\$133.0 million to secure the finance lease payables of approximately HK\$217.4 million and the bank loan of approximately HK\$61.8 million was secured by a charge over the Group's pledged bank deposits of approximately HK\$65.0 million.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had contingent liabilities as possible claims arising from indemnity related to a former subsidiary of approximately HK\$7,313,000, being equivalent to RMB6,100,000 (31 December 2016: HK\$7,092,000, being equivalent to RMB6,100,000). In the opinion of management of the Company, it is not necessary for recording any provisions for the above contingent liabilities as at 30 June 2017.

EVENTS AFTER THE REPORTING PERIOD

Suspension of Trading of Shares

Reference is made to the Company's announcements dated 1 August 2016, 19 August 2016, 10 October 2017, 24 April 2018, 31 May 2018, 29 June 2018, 31 July 2018, 14 August 2018, 12 October 2018, 30 October 2018, 3 December 2018, 25 January 2019, 31 January 2019, 29 March 2019, 30 April 2019 and 19 June 2019 relating to, among others, the update of suspension of trading in the Shares on the Stock Exchange.

The Company is still actively carrying out all necessary action to fulfil all the resumption conditions before 31 July 2019, being the expiry of the 12-months period starting from the effective date of the amendments to the delisting framework under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

On 19 June 2019, the Company submitted a resumption proposal to the Stock Exchange. The Company will use its best endeavour to fulfil all resumption conditions and resume trading of the Shares on the Stock Exchange.

OUTLOOK

As at the date of this interim report, the Group currently focus on operating car rental business. As commuter bus leasing market (the “Market”) in the PRC with a steady growth in recent years, the Board expects the Market would be stable in the foreseeable future, specially the Market located in Beijing and regions without mass transit alternatives.

The Group not only concerns environmental issue and industrial compliance but also being active in bringing in an eco-friendly operation. In this regards, new model development of new energy buses – electric vehicle is experiencing rapid growth in replacing the existing traditional vehicles. The Group is looking forward to invest a significant amount in such environmental-friendly assets.

Under the challenging economic situation in the PRC, the Group currently has committed simplifying group structures not only to enhance efficiency on executive and administrative hierarchy but also to put existing resources in generate profit in priority. The Group’s suppliers, customers and operating activities mainly situated in the PRC. The domestic economic changes would affect the business of the Group. The current situation of global trading issue may not directly affect the Group’s business. However, any adverse changes of economic in the PRC in any financially significant export/import industry, the domino effect would finally bring the negative result to the Group in long run, since the income from TMTCC (together with its 49%-owned associate, 北京天馬通馳旅遊客運有限公司 (Beijing Tian Ma Tong Chi Travel Transportation Co., Ltd*) is sourced from various types of institutional customers, most of them are multinational corporations or international schools with branches or offices in Beijing.

With threshold resources to maintain operations and development, the Group will continue to utilise all internal recourses to serve operating activities and preserve identified stakeholder’s interests.

* For identification purpose only

OTHER INFORMATION**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS**

At 30 June 2017, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code"), were as follows:

Long positions in the Shares are set out as below:

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximately percentage of total number of Shares in issue
Tian Songlin	Beneficial owner	470,000	0.01%

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

2002 Share Option Scheme

On 25 July 2002, a share option scheme was adopted by the Company (the “2002 Share Option Scheme”) pursuant to which the Board may grant options to any employees, directors, shareholders, suppliers, customers of the Group and any other person or company who has contributed or may contribute to the development and growth of the Group.

The 2002 Share Option Scheme was expired in July 2012 after the scheme period of the tenth anniversary of the adoption date and no further share options can be granted under the 2002 Share Options Scheme.

Details of the movement in the share options granted under the 2002 Share Option Scheme during the six months ended 30 June 2017 are as follows:

Name of category/participant	Date of grant	Number of share options				Outstanding as at 30 June 2017	Exercise period	Exercise price per share option HK\$
		Outstanding as at 1 January 2017	Exercised during the period	Cancelled during the period	Lapsed during the period			
Employees								
In aggregate	29 November 2007	1,478,697	-	-	-	1,478,697	29 November 2007 – 28 November 2017	2.5536
Business associates								
In aggregate	29 November 2007	8,235,470	-	-	-	8,235,470	29 November 2007 – 28 November 2017	2.5536
In aggregate	27 June 2008	7,761,905	-	-	-	7,761,905	27 June 2008 – 26 June 2018	2.5536
Total		<u>17,476,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,476,072</u>		

2012 Share Option Scheme

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 14 December 2012, a new share option scheme of the Company (the “2012 Share Option Scheme”) was adopted by the Company. The 2012 Share Option Scheme, subject to earlier termination by the Company in general meeting, will remain in force for a period of ten years from its effective date and will expire on 13 December 2022.

The purpose of the 2012 Share Option Scheme is to provide incentive or reward to eligible participants for their contribution, and continuing efforts to promote the interests of the Company. The Board considers that the 2012 Share Option Scheme is in the interests of the Company and the shareholders of the Company as a whole as it provides the Company with more flexibility in providing incentives to those eligible participants by way of granting of options. Pursuant to the 2012 Share Option Scheme, the Board may grant options to any eligible participants who has contributed or may contribute to the development and growth of the Group or any entity in which the Group holds an equity interest. The options may be exercised in accordance with the terms of the 2012 Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each grantee as being the period during which options may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the 2012 Share Option Scheme.

The maximum number of Shares in respect of which options may be granted under the 2012 Share Option Scheme shall not exceed 10% of the Shares in issue as at its adoption date or the date of approval by the shareholders in general meeting where the limit is refreshed. At the annual general meeting of the Company held on 1 June 2015 (the "2015 AGM"), an ordinary resolution approving the refreshment of the scheme limit and authorizing the Directors to grant share options under the 2012 Share Option Scheme up to the refreshed limit (i.e. 372,096,700 Shares, representing 10% of the total number of Shares in issue as at the date of 2015 AGM) was passed. As such, the total number of Shares available for issue under the 2012 Share Option Scheme as at 30 June 2017 was 372,096,700 Shares.

Details of the movement in the share options granted under the 2012 Share Option Scheme during the six months ended 30 June 2017 are as follows:

Name of category/participant	Date of grant	Number of share options				Outstanding		Exercise price per share option
		as at 1 January 2017	Exercised during the period	Cancelled during the period	Lapsed during the period	as at 30 June 2017	Exercise period	
Directors								
Mr. Lo Ka Wai	3 September 2014	30,079,155	-	-	(30,079,155)	-	-	-
Mr. Feng Yongming	3 September 2014	30,079,155	-	-	(30,079,155)	-	-	-
Mr. Wang Qun	3 September 2014	2,506,596	-	-	(2,506,596)	-	-	-
Dr. Yang Zhi Shu	3 September 2014	2,506,596	-	-	(2,506,596)	-	-	-
Mr. Tian Songlin	3 September 2014	30,079,155	-	-	(30,079,155)	-	-	-
		<u>95,250,657</u>	<u>-</u>	<u>-</u>	<u>(95,250,657)</u>	<u>-</u>	<u>-</u>	
Employees								
In aggregate	3 September 2014	28,625,334	-	-	(28,625,334)	-	-	-
Business Associates								
In aggregate	3 September 2014	<u>20,052,772</u>	<u>-</u>	<u>-</u>	<u>(20,052,772)</u>	<u>-</u>	<u>-</u>	-
		<u>143,928,763</u>	<u>-</u>	<u>-</u>	<u>(143,928,763)</u>	<u>-</u>	<u>-</u>	

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2017, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name	Capacity/ Nature of interest	Long position/ short position	Number of shares held	Number of underlying shares held (Note 1)	Approximately percentage of total number of shares in issue
Blissful Elite Limited (Note 2)	Beneficial Owner	Long position	–	933,333,332	14.56%
Ji Sen (Note 2)	Interest of a controlled Corporation	Long position	–	933,333,332	14.56%
Nation Spirit Limited (Note 3)	Beneficial Owner	Long position	–	933,333,333	14.56%
Gu Baorong (Note 3)	Interest of a controlled Corporation	Long position	–	933,333,333	14.56%
Yang Fan	Beneficial Owner	Long position	810,759,648	–	12.64%
Upper Target Limited (Note 4)	Beneficial Owner	Long position	596,900,000	–	9.31%
Liu Zidong (Note 4)	Interest of a controlled Corporation	Long position	596,900,000	–	9.31%
	Beneficial Owner	Long position	8,150,000	–	0.13%
Elite Fortune Global Limited (Note 5)	Beneficial Owner	Long position	585,533,845	–	9.13%
Wang Yi (Note 5)	Interest of a controlled corporation	Long position	585,533,845	–	9.13%

Notes:

1. The number of underlying shares of the Company held includes the maximum number of conversion shares to be issued upon full exercise of the conversion rights attaching to the 3% coupon convertible bonds issued by the Company to the vendors as partial settlement of the consideration pursuant to the sale and purchase agreement dated 15 January 2016. Please refer to the Company's announcements dated 15 January 2016, 30 March 2016, 31 May 2016, 24 June 2016, 18 July 2016, 31 August 2016, 14 February 2017 and 22 February 2017, and the Company's circular dated 30 June 2016 for details of the acquisition.
2. Based on the notice of disclosure of interest of Blissful Elite Limited and Ji Sen each filed with the Stock Exchange on 13 May 2016, these underlying shares held by Blissful Elite Limited, which is wholly-owned by Ji Sen. Under Part XV of the SFO, Ji Sen is interested in these 933,333,332 underlying shares in which Blissful Elite Limited is interested.
3. Based on the notice of disclosure of interest of Nation Spirit Limited and Gu Baorong each filed with the Stock Exchange on 13 May 2016, these underlying shares held by Nation Spirit Limited, which is wholly-owned by Gu Baorong. Under Part XV of the SFO, Gu Baorong is interested in these 933,333,333 underlying shares in which Nation Spirit Limited is interested.
4. Based on the notice of disclosure of interest of Upper Target Limited and Liu Zidong each filed with the Stock Exchange on 12 May 2016, these shares held by Upper Target Limited, which is wholly-owned by Liu Zidong. Under Part XV of the SFO, Liu Zidong is interested in these 596,900,000 shares of the Company in which Upper Target Limited is interested.
5. Based on the notice of disclosure of interest of Elite Fortune Global Limited and Wang Yi each filed with the Stock Exchange on 10 March 2016, these shares held by Elite Fortune Global Limited, which is wholly-owned by Wang Yi. Under Part XV of the SFO, Wang Yi is interested in these 585,533,845 shares of the Company in which Elite Fortune Global Limited is interested.

Save as disclosed above, as at 30 June 2017, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Based on the information made available to the current Board, the Board was not able to confirm whether there were any rights to acquire benefits by means of the acquisition of Shares in or debenture of the Company granted to any then Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the then Directors to acquire such rights in any other body corporate during the six months ended 30 June 2017.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Based on the information made available to the current Board, the Board was not able to confirm whether the then Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the six months ended 30 June 2017.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2017.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Based on the information available to the current Board, the Company appeared to comply with the relevant code provisions set out in the CG Code except for the deviations explained below during the six months ended 30 June 2017.

The code provisions	Reasons for the non-compliance and improvement actions took or to be taken
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A.2.1	Since Mr. Yang Fan resigned as chairman of the Board (the "Chairman") on 19 May 2015, the Company had not appointed any individual to take up the post of the Chairman and role and functions of Chairman have been performed by all the executive Directors collectively until the appointment of Mr. Ji Kaiping as the Chairman on 29 November 2018.
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The code provisions Reasons for the non-compliance and improvement actions took or to be taken

Up to the date of this interim report, the Company has not appointed a chief executive officer and role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.

A.2.5 The Company was not in compliance with certain code provisions as set out in the CG Code since suspension in trading of the Company's shares with effect from 1 August 2016.

The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.

A.5.1 The composition of the nomination committee of the Company (the "Nomination Committee") was not in compliance with the code provision A.5.1 of the CG Code during the period from 2 May 2017 to 1 June 2017, until the Company appointed Mr. Zhou Guangguo, the then independent non-executive Director, as chairman of the Nomination Committee, and Mr. Xu Tintian, the then independent non-executive Director, and Mr. Tian Songlin, the then executive Director, as members of the Nomination Committee on 2 June 2017.

C.1.2 Based on the information available, the current Board are not able to confirm whether the Company had provided a regular monthly update to the members of the then Board during the six months ended 30 June 2017.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.10A AND 3.21 OF THE LISTING RULES

Following the resignation of Mr. Lai Hon Man, Dickson and Dr. Yang Zhi Shu as independent non-executive Directors on 28 April 2017, the Company only had two independent non-executive Directors and two members of the audit committee of the Company (the “Audit Committee”), the number of which falls below the minimum number required under Rule 3.10(1), 3.10A and 3.21 of the Listing Rules. In addition, the Company failed to meet at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules.

Following the above resignation of Mr. Lai Hon Man, Dickson and Dr. Yang Zhi Shu, Dr. Zhang Tianmin and Mr. Wang Qun resigned as independent non-executive Director on 2 May 2017 and 8 May 2017 respectively. Since then, the Company had no independent non-executive Director and member of the Audit Committee, until Ms. Zhou Zhan, who has appropriate professional qualifications or accounting or related financial management expertise, Mr. Xu Tiantian and Mr. Zhou Guangguo had been appointed as independent non-executive Directors on 2 June 2017. Following the above appointments, the number of independent non-executive Directors satisfied the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. The Company also satisfied the requirements set out in Rule 3.10(2) of the Listing Rules which stipulates that at least one independent non-executive Director must have appropriate professional qualifications or accounting or related financial management expertise. In addition, the Company had complied with the requirements set out under Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the CG Code. As at the date of this interim report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Li Wen (as the chairman of the Audit Committee), Mr. Qiu Ke and Ms. Chen Yen Yung, and one non-executive Director, namely Mr. An Jingwen.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems, and review of the Group's financial information. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors.

Based on the information made available to the current Board, the Board was not able to confirm whether all the then Directors have complied with, or whether there has been any non-compliance with, the required standards set out in the Model Code during the six months ended 30 June 2017.

On Behalf of the Board
National United Resources Holdings Limited
Ji Kaiping
Chairman

Hong Kong, 26 July 2019

As at the date of this report, the executive Directors are Mr. Ji Kaiping (Chairman) and Mr. Guo Peiyuan, the non-executive Director is Mr. An Jingwen, and the independent non-executive Directors are Mr. Li Wen, Mr. Qiu Ke and Ms. Chen Yen Yung.