



**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

**2016**  
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](http://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 2016 (the “Current Period”).

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

		Six months ended 30 June	
	Notes	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Revenue</b>	6	21,775	14,627
Cost of sales		<u>(18,007)</u>	<u>(6,917)</u>
<b>Gross profit</b>		3,768	7,710
Other income	7	34,430	8,169
Gain on disposal of subsidiaries		–	11,671
Amortisation of intangible assets		(2,157)	–
Administrative and other operating expenses		<u>(54,652)</u>	<u>(42,970)</u>
<b>Loss from operations</b>		(18,611)	(15,420)
Finance cost	8	(15,965)	(9,473)
Fair value gain of derivative instruments		213,319	–
Provision of prepayment		(233,679)	–
Impairment losses on goodwill	15	(326,342)	–
Impairment loss on trade receivables		(770)	–
Impairment losses on interests in associates		(208,944)	–
Loss on deconsolidation of subsidiaries	9	<u>(160,568)</u>	<u>–</u>

		<b>Six months ended 30 June</b>	
	Notes	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
<b>Loss before tax</b>		<b>(751,560)</b>	(24,893)
Income tax expense	10	<u>(1,287)</u>	<u>(726)</u>
<b>Loss for the period</b>	11	<b><u>(752,847)</u></b>	<b><u>(25,619)</u></b>
<b>Attributable to:</b>			
Owners of the Company		(751,942)	(25,589)
Non-controlling interests		<u>(905)</u>	<u>(30)</u>
		<b><u>(752,847)</u></b>	<b><u>(25,619)</u></b>
<b>Loss per share attributable to owners of the Company</b>			(restated)
– Basic (HK cents per share)	12	<u>(12.48)</u>	<u>(0.64)</u>
– Diluted (HK cents per share)		<b><u>(12.48)</u></b>	<b><u>(0.64)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		<b>Six months ended 30 June</b>	
	Note	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
<b>Loss for the period</b>	11	<b>(752,847)</b>	(25,619)
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(5,662)	93
Exchange differences reclassified to profit or loss on deconsolidation of subsidiaries		4,684	–
Exchange differences reclassified to profit or loss on disposal of subsidiaries		–	(3,566)
<b>Total comprehensive loss for the period</b>		<b>(753,825)</b>	(29,092)
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		(752,614)	(29,062)
Non-controlling interests		(1,211)	(30)
		<b>(753,825)</b>	(29,092)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 30 June 2016

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited) (restated)
<b>Non-current assets</b>			
Property, plant and equipment	14	52,717	61,328
Goodwill	15	–	326,342
Intangible assets		79,165	178,093
Club membership		–	150
Interests in associates		–	208,944
Deposits for acquisition of property, plant and equipment		–	2,629
		<b>131,882</b>	<b>777,486</b>
<b>Current assets</b>			
Inventories		–	5,325
Trade receivables	16	198	20,351
Bonds receivable		35,000	75,780
Prepayments, deposits and other receivables	17	248,634	580,557
Financial assets at fair value through profit or loss		5,383	2,387
Pledged bank deposits		200,000	237,478
Bank and cash balances		124,353	183,409
		<b>613,568</b>	<b>1,105,287</b>
<b>Current liabilities</b>			
Trade payables	18	41,468	73,256
Other payables and accruals	19	61,005	56,966
Derivative instruments		10,000	–
Borrowings	23	195,673	251,773
Non-convertible bonds	21	46,777	243,959
Finance lease payables	22	1,007	980
Tax payable		22,735	28,172
		<b>378,665</b>	<b>655,106</b>
<b>Net current assets</b>		<b>234,903</b>	<b>450,181</b>
<b>Total assets less current liabilities</b>		<b>366,785</b>	<b>1,227,667</b>

	Notes	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited) (restated)
<b>Non-current liabilities</b>			
Derivative instruments		—	223,319
Convertible bonds	20	58,257	62,889
Non-convertible bonds	21	89,673	10,795
Finance lease payables	22	2,017	2,527
Deferred tax liabilities		18,948	43,126
		<u>168,895</u>	<u>342,656</u>
<b>NET ASSETS</b>		<u>197,890</u>	<u>885,011</u>
<b>Capital and reserves</b>			
Share capital	24	3,178,754	3,080,114
Reserves		<u>(2,990,973)</u>	<u>(2,231,088)</u>
Equity attributable to owners of the Company		187,781	849,026
Non-controlling interests		<u>10,109</u>	<u>35,985</u>
<b>TOTAL EQUITY</b>		<u>197,890</u>	<u>885,011</u>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 June 2016

	Attributable to owners of the Company (unaudited)							
	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	Total equity HK\$'000
At 1 January 2015 (audited)	2,321,311	46,373	948	4,040	(2,174,080)	198,592	1,031	199,623
Loss for the period	-	-	-	-	(25,589)	(25,589)	(30)	(25,619)
Other comprehensive loss for the period	-	-	-	(3,473)	-	(3,473)	-	(3,473)
Total comprehensive loss for the period	-	-	-	(3,473)	(25,589)	(29,062)	(30)	(29,092)
Acquisition of subsidiaries	-	-	-	-	-	-	1,779	1,779
Lapsed of share options	-	(7,124)	-	-	7,124	-	-	-
Shares issued upon exercise of share options	6,515	-	-	-	-	6,515	-	6,515
Conversion of convertible bonds	29,985	-	(947)	-	-	29,038	-	29,038
Shares subscription	156,076	-	-	-	-	156,076	-	156,076
At 30 June 2015	<u>2,513,887</u>	<u>39,249</u>	<u>1</u>	<u>567</u>	<u>(2,192,545)</u>	<u>361,159</u>	<u>2,780</u>	<u>363,939</u>
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>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET CASH GENERATED FROM/(USED IN)</b>		
<b>OPERATING ACTIVITIES</b>	<b>9,872</b>	(18,030)
<b>Cash flows from investing activities</b>		
Interest received	9,128	7
Purchases of property, plant and equipment	(222)	(16)
Acquisition of subsidiaries	–	(44,335)
Cash and cash equivalents of subsidiaries deconsolidated	(42,717)	–
Proceeds from disposal of club membership	50	–
Subscription of bonds	(30,000)	(70,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(63,761)</b>	(114,344)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	–	(23,582)
Repayment of non-convertible bonds	(209,000)	(27,000)
Proceeds from issue of non-convertible bonds	90,500	89,900
Proceeds from issue of shares	81,840	157,200
Proceeds from exercise of share options	–	6,515
Repayment of finance lease payables	(569)	(391)

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>	<u>(37,229)</u>	<u>202,642</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(91,118)	70,268
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	420,887	2,879
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u>(5,416)</u>	<u>21</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>324,353</b></u>	<u><b>73,168</b></u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Pledged bank deposits	<b>200,000</b>	–
Cash and bank balances	<u><b>124,353</b></u>	<u>73,168</u>
	<u><b>324,353</b></u>	<u><b>73,168</b></u>

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended 30 June 2016

### **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, 28/F., Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group was principally engaged in 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 2015 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 has delivered the financial statements for the year ended 31 December 2015 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 Company's auditor has reported on those financial statements. The auditor's report dated 30 March 2016 was unqualified; 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 did not contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance.

- (a) The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2016 (“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.

These unaudited condensed financial statements should be read in conjunction with the Group’s 2015 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 2015.

**(b) Going concern**

The Group incurred a loss of approximately HK\$752,847,000 for the six months ended 30 June 2016. 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 on the 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.

**(c) 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

北京凱大駿博科技有限公司

深圳市臻輝文化發展有限公司

**(d) Prior year adjustment**

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

On 19 August 2016, an independent investigation committee of the Company (the “Committee”) has been formed to address the situation. The Company has engaged an independent forensic accountants firm, KLC Corporate Advisory and Recovery Limited (“KLC”), to conduct an investigation in relation to the suspension of trading in the shares of the Company on the Stock Exchange. For details, please refer to the announcement made by the Company on 19 August 2016.

Based on the conclusions of the first stage of investigation report issued by KLC on 29 March 2017, it is questionable whether certain fuel oil transaction included sales of HK\$304,971,000 and cost of sales of HK\$302,284,000 in 2015 (the “Fuel Oil Transactions”) were genuine. Accordingly, the Committee requested KLC to investigate in the second stage of investigation the whereabouts of the funds involved in the Fuel Oil Transactions.

The trade receivables related to the Fuel Oil Transactions of HK\$304,971,000 are outstanding at 31 December 2015, as at the date of issuance of the Second Stage of Investigation Report, the trade receivables of approximately HK\$68,261,000 are still outstanding.

The loss of the Fuel Oil Transactions are calculated by net of the cash outflow for the cost of sales of HK\$302,284,000 and the cash inflow for the sales of HK\$236,710,000, total loss of HK\$65,574,000. The cash outflow of HK\$302,284,000 net of the loss of the Fuel Oil Transactions of HK\$65,574,000, to the amount of HK\$236,710,000 are restated from trade receivables to other receivables.

Based on the findings in the independent forensic investigation report, the Group has made a prior year restatement as below:

**Consolidated statement of financial position as at 31 December 2015**

	<b>As previously reported</b>	<b>Effect of prior year's restatement</b>	<b>As restated</b>
	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	61,328	–	61,328
Goodwill	326,342	–	326,342
Intangible assets	178,093	–	178,093
Club membership	150	–	150
Interests in associates	208,944	–	208,944
Deposits for acquisition of property, plant and equipment	2,629	–	2,629
	<u>777,486</u>	<u>–</u>	<u>777,486</u>
<b>Current assets</b>			
Inventories	5,325	–	5,325
Trade receivables	325,322	(304,971)	20,351
Bonds receivable	75,780	–	75,780
Prepayments, deposits and other receivables	343,847	236,710	580,557
Financial assets at fair value through profit or loss	2,387	–	2,387
Pledged bank deposits	237,478	–	237,478
Bank and cash balances	183,409	–	183,409
	<u>1,173,548</u>	<u>(68,261)</u>	<u>1,105,287</u>



	<b>As previously reported</b>	<b>Effect of prior year's restatement</b>	<b>As restated</b>
	HK\$'000	HK\$'000	HK\$'000
<b>Current liabilities</b>			
Trade payables	73,256	–	73,256
Other payables and accruals	56,966	–	56,966
Borrowings	251,773	–	251,773
Non-convertible bonds	243,959	–	243,959
Finance lease payables	980	–	980
Tax payable	28,172	–	28,172
	<u>655,106</u>	<u>–</u>	<u>655,106</u>
<b>Net current assets</b>	<u>518,442</u>	<u>(68,261)</u>	<u>450,181</u>
<b>Total assets less current liabilities</b>	<u>1,295,928</u>	<u>(68,261)</u>	<u>1,227,667</u>
<b>Non-current liabilities</b>			
Derivative instruments	223,319	–	223,319
Convertible bonds	62,889	–	62,889
Non-convertible bonds	10,795	–	10,795
Finance lease payables	2,527	–	2,527
Deferred tax liabilities	43,126	–	43,126
	<u>342,656</u>	<u>–</u>	<u>342,656</u>
<b>NET ASSETS</b>	<u>953,272</u>	<u>(68,261)</u>	<u>885,011</u>

	<b>As previously reported</b>	<b>Effect of prior year's restatement</b>	<b>As restated</b>
	HK\$'000	HK\$'000	HK\$'000
<b>Capital and reserves</b>			
Share capital	3,080,114	–	3,080,114
Reserves	<u>(2,162,827)</u>	<u>(68,261)</u>	<u>(2,231,088)</u>
Equity attributable to owners of the Company	917,287	(68,261)	849,026
Non-controlling interests	<u>35,985</u>	<u>–</u>	<u>35,985</u>
<b>TOTAL EQUITY</b>	<b><u>953,272</u></b>	<b><u>(68,261)</u></b>	<b><u>885,011</u></b>

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. 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 year and prior years.

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. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy:

	Fair value measurements using:			Total HK\$'000 (unaudited)
	Level 1 HK\$'000 (unaudited)	Level 2 HK\$'000 (unaudited)	Level 3 HK\$'000 (unaudited)	
At 30 June 2016:				
Recurring fair value measurements:				
Assets				
Financial assets at fair value through profit or loss				
– funds investment	5,383	–	–	5,383
Liabilities				
Derivative instruments	–	–	10,000	10,000
Total recurring fair value measurements	<u>5,383</u>	<u>–</u>	<u>10,000</u>	<u>15,383</u>

	Fair value measurements using:			Total HK\$'000 (audited)
	Level 1 HK\$'000 (audited)	Level 2 HK\$'000 (audited)	Level 3 HK\$'000 (audited)	
At 31 December 2015:				
Recurring fair value measurements:				
Assets				
Financial assets at fair value through profit or loss				
– funds investment	2,387	–	–	2,387
Liabilities				
Derivative instruments	–	–	223,319	223,319
Total recurring fair value measurements	<u>2,387</u>	<u>–</u>	<u>223,319</u>	<u>225,706</u>

**(b) Reconciliation of liabilities measured at fair value based on level 3:**

	<b>Derivative instruments</b> HK\$'000
At 1 January 2016 (audited)	223,319
Total gains recognised in profit or loss	<u>(213,319)</u>
At 30 June 2016 (unaudited)	<u>10,000</u>
(#) Included gains or losses for liabilities held at end of report period	<u>(213,319)</u>
	HK\$'000 (audited)
At 1 January 2015	–
Issues	256,892
Total gains recognised in profit or loss	<u>(33,573)</u>
At 31 December 2015	<u>223,319</u>
(#) Included gains or losses for liabilities held at end of report period	<u>(33,573)</u>

**(c) Valuation techniques and inputs used in fair value measurements:**

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

**Level 3 fair value measurements**

Description	Valuation technique	Inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000 (unaudited)
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*At 30 June 2016*

**Liabilities**

Derivative instruments	Binomial Option Pricing Model	Share price	HK\$0.14 per share	Increase	10,000
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Description	Valuation technique	Inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000 (unaudited)
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*At 31 December 2015*

**Liabilities**

Derivative instruments	Binomial Option Pricing Model	Share price	HK\$0.24 per share	Increase	223,319
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## 5. OPERATING SEGMENT INFORMATION

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

- (i) online platform – provision of online platform for the trading and deferred spot delivery services of precious metals
- (ii) media and advertising – media and advertising
- (iii) Resources trading – trading of coking coal, aluminium rod and fuel oil

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, unallocated corporate expenses, share option expenses as well as share of profits and losses of associates.

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 2015: Nil).

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

	Online platform		Media and advertising		Resources trading		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
<b>Segment revenue</b>								
Revenue from external customers	21,775	-	-	14,627	-	-	21,775	14,627
<b>Segment results</b>	(1,082)	-	-	5,615	(14,250)	(5,312)	(15,332)	303
Interest income on bank deposits							2,610	7
Other income							31,820	8,162
Gain on disposal of subsidiaries							-	11,671
Unallocated expenses							(37,709)	(35,563)
Loss from operations							(18,611)	(15,420)
Finance cost							(15,965)	(9,473)
Fair value gain of derivative instruments							213,319	-
Provision of prepayment							(233,679)	-
Impairment losses on goodwill							(326,342)	-
Impairment losses on trade receivables							(770)	-
Impairment losses on interests in associates							(208,944)	-
Loss on deconsolidation of subsidiaries							(160,568)	-
Loss before tax							(751,560)	(24,893)
Income tax expense							(1,287)	(726)
Loss for the period							(752,847)	25,619



	Online platform		Media and advertising		Trading of coking coal		Total	
	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (unaudited)	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
<b>Segment assets</b>	<b>31,993</b>	431,890	-	100,083	<b>231,083</b>	664,413	<b>263,076</b>	1,196,386
Unallocated assets							<b>482,374</b>	686,387
Total assets							<b>745,450</b>	1,882,773
<b>Segment liabilities</b>	<b>(8,660)</b>	(4,875)	-	(8,748)	<b>(74,851)</b>	(100,199)	<b>(83,511)</b>	(113,822)
Unallocated liabilities							<b>(464,049)</b>	(883,940)
Total liabilities							<b>(547,560)</b>	(997,762)

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

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
PRC	<b>21,775</b>	14,627

In presenting the geographical information, revenue is based on the locations of the customers.

(ii) *Non-current assets*

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited)</b>
Hong Kong	<b>16,173</b>	30,858
PRC	<b>79,165</b>	705,593
Mongolia	<b>36,544</b>	41,035
	<b><u>131,882</u></b>	<u>777,486</u>

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

(c) **Information about major customers**

No revenue from customer which individually contributed 10% or more to the Group's revenue for the six months ended 30 June 2016. Revenue from operations of HK\$4,707,000, HK\$3,883,000 and HK\$2,786,000 was derived from three customers in service income from media and advertising segment which individually contributed 10% or more to the Group's revenue for the six months ended 30 June 2015.

**6. REVENUE**

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

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Online trading service fee income	21,775	–
Media and advertising services income	–	14,627
	<b>21,775</b>	<b>14,627</b>

**7. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Bank interest income	2,610	7
Net foreign exchange gain	–	11
Bonds interest income	1,328	1,899
Gain of disposal of financial assets at fair value through profit or loss	30,483	6,182
Sundry income	9	70
	<b>34,430</b>	<b>8,169</b>

## 8. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Bank charges	161	30
Interest on borrowings		
– interest on convertible bonds	4,897	9,005
– interest on non-convertible bonds	6,797	(389)
– interest on finance leases	86	96
– interest on bank borrowings	4,024	731
	<u>15,965</u>	<u>9,473</u>

## 9. LOSS ON DECONSOLIDATION OF SUBSIDIARIES

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Loss on deconsolidation of subsidiaries (note a)	152,139	–
Impairment on due from the deconsolidated subsidiaries	8,429	–
	<u>160,568</u>	<u>–</u>

As disclosed in note 2, to the consolidated financial statements, the Directors considered that the control over certain subsidiaries had been lost since 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.

Note (a)

Net assets/(liabilities) of these subsidiaries as at the dates of loss of control were as follows:

	<b>As at 1 January 2016 HK\$'000</b>
Property, plant and equipment	1,345
Intangible assets	96,750
Deposits for acquisition of property, plant and equipment	482
Inventories	5,325
Trade receivables	4,420
Prepayments, deposits and other receivables	118,927
Bank and cash balances	42,717
Trade payables	(117)
Other payables and accruals	(12,548)
Borrowings	(56,100)
Tax payable	(4,893)
Deferred tax liabilities	(24,188)
	<hr/>
Net assets deconsolidated	172,120
Release of foreign currency translation reserve	4,684
Non-controlling interest	(24,665)
	<hr/>
Loss on deconsolidation of subsidiaries	152,139
	<hr/>
Net cash outflow arising on deconsolidation of subsidiaries:	
Cash and cash equivalents of subsidiaries deconsolidated	(42,717)
	<hr/>

## 10. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Current tax – charge for the period		
PRC	<b>1,287</b>	1,401
Deferred tax	<u>–</u>	<u>(675)</u>
	<b><u>1,287</u></b>	<b><u>726</u></b>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2015: 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% (2015: 25%).

## 11. LOSS FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	2015 HK\$'000 (unaudited)
Directors' remuneration	<b>6,083</b>	4,416
Other staff salaries and benefits	<b>8,110</b>	8,377
Contributions to retirement benefit schemes	<b>277</b>	424
Total employee benefit expense	<b>14,470</b>	13,217
Depreciation	<b>7,274</b>	1,847
Amortisation of intangible assets	<b><u>2,157</u></b>	<b><u>2,700</u></b>

## 12. 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\$751,942,000 (2015: HK\$25,589,000) and the weighted average number of ordinary shares of 6,027,528,742 (2015: 3,999,315,580 (restated)) in issue during the period.

### Diluted earning per share

No diluted loss per share for the six months ended 30 June 2016 and 2015 is presented as the effects of all convertible bonds and options are anti-dilutive for the period.

## 13. DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the six months ended 30 June 2016 and 2015.

## 14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, property, plant and equipment approximately of HK\$222,000 was acquired by the Group (during six months ended 30 June 2015: HK\$16,000).

## 15. GOODWILL

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
<b>Cost</b>		
At beginning of the period	326,342	1,252,228
Disposal of subsidiaries	–	(1,252,228)
Arising on acquisition of subsidiaries	–	326,342
	<hr/>	<hr/>
At the end of the period	<b>326,342</b>	326,342
	<hr/>	<hr/>
<b>Accumulated impairment losses:</b>		
Impairment loss recognised at 1 January	–	1,246,983
Disposal of subsidiaries	–	(1,246,983)
Impairment loss recognised during the period	–	–
	<hr/>	<hr/>
At the end of the period	<b>326,342</b>	–
	<hr/>	<hr/>
<b>Carrying amount:</b>		
At the end of the period	<hr/> <b>–</b> <hr/>	<hr/> 326,342 <hr/>

## 16. 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:

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited) (restated)</b>
Within 30 days	198	9,492
31-60 days	–	9,477
Over 1 year	770	1,382
Less: Impairments	(770)	–
	<u>198</u>	<u>20,351</u>

## 17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited) (restated)</b>
Amount due from associates	24	24
Amounts due from a non-controlling shareholder of a subsidiary	–	14,324
Deferred expenses	–	2,143
Other receivables	100,695	301,202
Paid in advance	216,083	271,380
Prepayments and deposits	58,215	31,484
	<u>375,017</u>	620,557
Impairment	(126,383)	(40,000)
	<u>248,634</u>	<u>580,557</u>

## 18. TRADE PAYABLES

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

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited)</b>
Within 30 days	640	5,366
31 to 60 days	1,494	–
Over 1 year	39,334	67,890
	<u>41,468</u>	<u>73,256</u>

## 19. OTHER PAYABLES AND ACCRUALS

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited)</b>
Other payables	17,250	18,288
Receipt in advance	39,950	23,560
Accruals	3,805	15,118
	<u>61,005</u>	<u>59,966</u>

**20. 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 2016, 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 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 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 2016, the outstanding principal amount are HK\$55,580,000.

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 2015 (unaudited)	28,135
At date of issue	117,646
Converted into shares	(84,517)
Interest (reversed)/charged	1,458
Interest payable classify to other payables	182
Repaid on maturity date	(15)
	<hr/>
At 31 December 2015 (audited) and 1 January 2016	62,889
Converted into shares	(9,529)
Interest charged	4,897
	<hr/>
Liability component at 30 June 2016 (unaudited)	<u>58,257</u>

## 21. NON-CONVERTIBLE BONDS

During the period, the Company issued twelve (31 December 2015: seven) 6% non-convertible bonds (the “Bonds”) with total nominal value of HK\$90,500,000 (31 December 2015: HK\$96,220,000). 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.

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
At beginning of the period/year	254,754	229,326
Bonds issued during the period/year	90,500	96,220
Repayment	(209,000)	(68,500)
Interest charged	6,797	19,333
Interest paid or payable classify to other payables	<u>(6,601)</u>	<u>(21,625)</u>
At the end of the period/year	136,450	254,754
Portion classified as current liabilities	<u>(46,777)</u>	<u>(243,959)</u>
Non-current portion	<u>89,673</u>	<u>10,795</u>

**22. FINANCE LEASE PAYABLES**

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 4 years (31 December 2015: 5 years). The effective borrowing rates were ranging from 2.5% to 2.95% (31 December 2015: 2.5% to 2.95%) 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 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)	As at 30 June 2016 HK\$'000 (unaudited)	As at 31 December 2015 HK\$'000 (audited)
Within one year	1,137	1,138	1,007	980
In the second year	1,123	1,138	1,048	1,034
In the third to fifth year, inclusive	997	1,553	969	1,493
	<b>3,257</b>	3,829	<b>3,024</b>	3,507
Future finance charges	(233)	(322)	N/A	N/A
Present value of lease obligations	<b>3,024</b>	3,507	<b>3,024</b>	3,507
Less: Amount due for settlement within 12 months (shown under current liabilities)			(1,007)	(980)
Non-current portion			<b>2,017</b>	2,527

## 23. BORROWINGS

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	At 31 December 2015 HK\$'000 (audited)
Bank loans	<b>190,123</b>	225,218
Other loans	<b>5,550</b>	26,555
	<b><u>195,673</u></b>	<u>251,773</u>

All borrowings are repayable on demand or within one year.

The average interest rates were as follows:

	<b>At 30 June 2016</b>	At 31 December 2015
Bank loan (1)	<b>4.35%</b>	4.35%
Bank loan (2)	<b>Nil</b>	4.07%
Other loans	<b>Nil</b>	Nil

The bank loan is secured by a charge over the Group's pledged bank deposits.

## 24. SHARE CAPITAL

## (i) Shares

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	At 31 December 2015 HK\$'000 (audited)
<b>Issued and fully paid:</b>		
6,411,770,500 (2015: 5,873,770,550) ordinary shares	<b><u>3,178,754</u></b>	<b><u>3,080,114</u></b>
	<b>Number of shares issued '000</b>	<b>Share capital HK\$'000</b>
At 1 January 2015 (audited)	2,991,767	2,321,311
Shares issued upon exercise of share options	22,860	9,485
Shares issued pursuant to the open offer	1,861,664	476,401
Conversion of convertible bonds	397,480	115,717
Shares issued pursuant to the share subscription	<u>600,000</u>	<u>157,200</u>
At 31 December 2015 and 1 January 2016 (audited)	5,873,771	3,080,114
Conversion of convertible bonds	42,000	16,800
Shares issued pursuant to the share subscription (note a)	<u>496,000</u>	<u>81,840</u>
At 30 June 2016 (unaudited)	<b><u>6,411,771</u></b>	<b><u>3,178,754</u></b>

Notes:

**(a) Share subscription**

On 11 May 2016, the Company issued 496,000,000 shares, at a price of HK\$0.165 per share under the general mandate granted to the Directors by a resolution of the independent shareholders of the Company passed at the extraordinary general meeting of the Company held on 19 January 2015 pursuant to the subscription agreement dated 11 April 2016.

## 25. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	<b>As at 30 June 2016 HK\$'000 (unaudited)</b>	As at 31 December 2015 HK\$'000 (audited)
Indemnity related to a former subsidiary (note 26(b))	<b>7,200</b>	7,282

At the end of the reporting period, the Directors do not consider it probable that a claim will be made against the Group under the below possible claim.



## 26. 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 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 consolidated financial statements (included in other borrowings and other payables and accruals, respectively) and has not yet been settled as at 30 June 2016.

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 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\$7,200,000 (31 December 2015: HK\$7,282,000), has been shown as contingent liabilities in note 4 to the 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 this announcement.

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”).

**27. RELATED PARTY TRANSACTIONS**

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

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	<b>2015 HK\$'000 (unaudited)</b>
Consultancy fee charged by a related company (Note)	<u>—</u>	<u>180</u>

Note:

A director of the Company, Mr. Tang Lap Chin, Richard, has significant influence over the related company and is a director and a substantial shareholder of the related company. Mr. Tang Lap Chin, Richard resigned as executive director of the Company on 17 July 2015.

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

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (unaudited)</b>	<b>2015 HK\$'000 (unaudited)</b>
Short term employee benefits	<u>6,083</u>	<u>4,416</u>

## 28. 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:

	<b>At 30 June 2016 HK\$'000 (unaudited)</b>	<b>At 31 December 2015 HK\$'000 (audited)</b>
Contracted, but not provided for		
– Property, plant and equipment	–	25,272
	<hr/>	<hr/>
	–	25,272
	<hr/>	<hr/>

## 29. 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 six months ended 30 June 2016, the Group has engaged in business and reportable segment as follows:

#### (i) Online platform

The Group commenced online platform for the trading and deferred spot delivery services of precious metals business in the fourth quarter of 2015, through the acquisition of Million Fortune International Investment Limited (“Million Fortune”), a 70%-owned subsidiary of the Company which holds indirectly 90% equity interest and/or economic benefit in 中航國金商品交易中心(青島)有限公司 (formerly known as 青島國金貴金屬交易中心股份有限公司) (“中航國金”, together with Million Fortune, the “Million Fortune Group”). The Million Fortune 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.

#### (ii) 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. 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. No revenue was recorded in the Current Period.

### (iii) 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.

\* For identification purposes only



## MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS HELD

### Disposal of Heng Xin Shares

From 2 October 2015 to 14 April 2016, the Company disposed an aggregate of 332,920,000 of the ordinary shares (“Heng Xin Shares”) of Heng Xin China Holdings Limited (Stock Code: 8046) (“Heng Xin”), whose shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at the relevant time, on the market in a series of transactions at the price ranged between HK\$0.112 and HK\$0.290 per Heng Xin Share for an aggregate gross sale proceeds of approximately HK\$58,222,000 (excluding transaction costs) (the “First Disposal”). The consideration of the First Disposal represented the prevailing market price of the Heng Xin Shares at the time of the First Disposal. As the First Disposal was made on the market, the Company is not aware of the identity(ies) of the purchaser(s) of the Heng Xin Shares. To the best of the knowledge, information and belief of the then Directors, having made all reasonable enquiries, the purchaser(s) of the Heng Xin Shares and their ultimate beneficial owner(s) are independent third parties. The disposed Heng Xin Shares represented approximately 4.28% of the issued share capital of Heng Xin (based on the 7,782,797,837 Heng Xin Shares as at 31 March 2016 according to the monthly return of Heng Xin dated 6 April 2016). The First Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and is therefore subject to the notification and announcement requirements of the Listing Rules. Please refer to the announcement of the Company dated on 14 April 2016 for more details.

During the period of 23 February 2016 to 7 June 2016, the Company exercised its rights attaching to the 5% coupon convertible bonds due 2017 issued by Heng Xin on 5 February 2016 in the principal amount of HK\$100,000,000 and subscribed by the Company on 8 December 2015 (the “Heng Xin Convertible Bonds”) to convert the Heng Xin Convertible Bonds in an aggregate principal amount of HK\$44,999,960 into 391,304,000 Heng Xin Shares at the conversion price of HK\$0.115 per Heng Xin Share, representing approximately 4.89% of the issued share capital of Heng Xin as at 31 May 2016 as enlarged by the 43,480,000 Heng Xin Shares to be issued upon the conversion of the Heng Xin Convertible Bonds in the principal amount of HK\$5,000,200 pursuant to the conversion notice served by the Company on 7 June 2016 (the “Conversions”).

The Company also subscribed for 220,000,000 new Heng Xin Shares at the subscription price of HK\$0.10 per Heng Xin Share on 27 August 2015 pursuant to the subscription agreement entered into between the Company and Heng Xin on 18 August 2015 (the “Acquisition of Heng Xin Shares”).

The Conversions and the Acquisition of Heng Xin Shares, when aggregate, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules. For details, please refer to the announcement of the Company dated 7 June 2016.

Until 30 June 2016, the Company disposed 252,108,000 Heng Xin Shares on the market in a series of transactions at the price between HK\$0.135 to HK\$0.242 per Heng Xing Share for an aggregate gross sales proceeds of approximately HK\$42,965,000 (the “Part of Second Disposal”), which represent 3.15% of the issued share capital of Heng Xin (based on 8,000,189,837 Heng Xin Shares as at 30 June 2016 according to the monthly return of Heng Xin dated 5 July 2016).

From 15 April 2016 to 17 August 2016, the Company disposed an aggregate of 321,864,000 Heng Xin Shares on the market in a series of transactions at the price ranged between HK\$0.093 and HK\$0.242 per Heng Xin Share for an aggregate gross sale proceeds of approximately HK\$50,071,000 (excluding transaction costs) (the “Second Disposal”). The consideration of the Second Disposal represented the prevailing market price of the Heng Xin Shares at the time of the Second Disposal. As the Second Disposal was made on the market, the Company is not aware of the identity(ies) of the purchasers of the Heng Xin Shares. To the best of the knowledge, information and belief of the then Directors, having made all reasonable enquiries, the purchasers of the Heng Xin Shares and their ultimate beneficial owners are independent third parties. The disposed Second Disposal Heng Xin Shares represented approximately 3.94% of the issued share capital of Heng Xin (based on the 8,174,109,837 Heng Xin Shares as at 19 August 2016 according to the Next Day Disclosure Return of Heng Xin dated 19 August 2016). The Second Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules. For details, please refer to the announcement of the Company dated 19 August 2016.

## Acquisition of Gear World

Nation Spirit Limited and Blissful Elite Limited, as vendors, their respective beneficial owners, as guarantors, and NUR New Energy Management Company Limited, wholly-owned subsidiary of the Company, as purchaser (“NUR New Energy”) entered into the sale and purchase agreement dated 15 January 2016 (as amended by a supplemental agreement dated 24 June 2016) (the “Sale and Purchase Agreement”) to acquire all equity interest of Gear World Development Limited (“Gear World”) (the “Acquisition of Gear World”). The Acquisition of Gear World constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at 30 June 2016, no shareholders’ approval had been obtained and the Acquisition of Gear World had not yet completed.

On 31 August 2016, the Company announced that the completion of the Acquisition of Gear World took place. Upon completion of the Acquisition of Gear World, Gear World became a wholly-owned subsidiary of the Company, and the subsidiaries of Gear World, being 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd\*) (“TMTCC”) and 北京天馬通馳旅遊客運有限公司 (Beijing Tian Ma Tong Chi Travel Transportation Co., Ltd\*) (“TMTCT”), together with “Gear World” and “TMTCC”, the “TMTCC Group”) became an indirect wholly-owned subsidiary and a 49%-owned associate of the Company respectively. As the completion date of the transaction being after the Current Period, the financial statements of TMTCC Group and its subsidiaries were not consolidated into the Group’s financial statements for the Current Period.

In relation to the acquisition by NUR New Energy of entire issued share capital of Gear World at a consideration of HK\$800,000,000, subject to downward adjustments as set out in the Sale and Purchase Agreement, ultimately, the consideration of the Acquisition of Gear World of HK\$200,000,000 was settled by cash of HK\$60,000,000 (in which HK\$30,000,000 was yet to be paid as at 31 December 2018), and issued convertible bonds on 6 September 2016 in the principal amount of HK\$140,000,000 (the “TMCB1”) which bear interest at the rate of 3% per annum.

As at the six months period ended 30 June 2016, the acquisition of Gear World was still in process. A circular of the Company dated 30 June 2016 was issued to convene the general meeting on 18 July 2016 to seek the then shareholders to approve, ratify and confirm the Sale and Purchase Agreement and the transactions, including to issue of relevant convertible bonds.

Relevant disclosure was made in 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 circular of the Company dated 30 June 2016.

### **Acquisition of Million Fortune**

On 8 July 2015, Dengyi Investments Limited, an indirect wholly-owned subsidiary of the Company, as purchaser (the "Purchaser"), Antel Classification Limited, World Dragon Enterprise Limited, Guojin Holdings Co. Ltd, Nuts Technology Co., Ltd (collectively as the "Vendors") and Ms. Sun Jianjing, Mr. Zhang Zhijie and Mr. Sun Xiaoyang (collectively as the "Guarantors") entered into a sale and purchase agreement (the "Qingdao SPA"), pursuant to which the Vendors conditionally agreed to sell and the Purchaser conditionally agreed to purchase an aggregate of 7,000 ordinary shares of Million Fortune (representing 70% equity interest in its entire issued share capital) at a consideration of HK\$400,000,000 (the "Acquisition of Million Fortune"). Million Fortune is principally engaged in investment holding and indirectly holds 90% equity interest in 中航國金. 中航國金 is principally engaged in the provision of an online platform for trading and deferred spot delivery services of precious metals, such as silver, nonferrous metals and other valuable commodities as well as other associated services.

Pursuant to the Qingdao SPA, the consideration of HK\$400,000,000 (subject to downward adjustments) would be satisfied by the following manner: (i) as to the sum of HK\$120,000,000 would be settled by way of issue of the zero-coupon convertible bond in the principal amount of HK\$120,000,000 ("QDCB1") at the initial conversion price of HK\$0.40 per conversion share, as part payment upon completion; and (ii) as to the sum of HK\$280,000,000 would be settled by way of issue of the convertible bond in the principal amount of HK\$280,000,000 ("QDCB2") at the initial conversion price of HK\$0.40 per conversion share, as final payment of the consideration. The Acquisition of Million Fortune was completed on 10 November 2015.

Pursuant to the Qingdao SPA, each of the Vendors and the Guarantors was undertaken that the consolidated net profit (after taxation and excludes any profit/(loss) deriving from the discontinued operation(s) and activities not within the usual course of business of the Million Fortune Group) as shown in the audited accounts of the Million Fortune Group for the twelve full calendar months period immediately after completion as audited by the auditors to be appointed by the Company (the "Profit Guarantee") shall not be less than HK\$45,000,000 (the "Guaranteed Profit").

In the event that the Guaranteed Profit is not achieved, the amount of total consideration will be adjusted downward. The Company received the confirmation letter issued by the auditors appointed by the Company, ratifying that the actual profit for the twelve months ended 31 October 2016 was HK\$14,987,252 and therefore the Guaranteed Profit of HK\$45,000,000 had not been met. Accordingly, the consideration for the Acquisition of Million Fortune had been adjusted downward of the shortfall of HK\$266,779,982. The QDCB2 in the principal amount of HK\$13,220,018 was issued by the Company to the Vendors on 31 March 2017 as the final payment of the consideration in accordance with the terms of the Qingdao SPA. Accordingly, each of the Vendors and the Guarantors has fulfilled its/his obligations in accordance with the Qingdao SPA in relation to the Profit Guarantee.

The failure to meet the Profit Guarantee caused in a decrease of contingent consideration and impairment of goodwill which arising on the acquisition of 70% equity interest in Million Fortune.

Save as disclosed, due to the online platform business are suspended after the year ended of 2016, however, the accounting treatments in relation to the Guaranteed Profit were provided during the Current Period. Therefore, the goodwill of HK\$326,342,000 were fully impaired during the Current Period in order to reflect a consistent presentation of the relevant issue.

Details of the Acquisition of Million Fortune were set out in the announcements of the Company dated 8 July 2015, 10 November 2015, 23 December 2016, 9 February 2017 and 31 March 2017 and the Company's circular dated 30 September 2015.

## Deconsolidation of Subsidiaries

The Directors considered that the control over the subsidiaries, as disclosed in note 2 to the consolidated financial statements, has been lost from 1 January 2016. Due to the loss of contact with former Directors, the results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group from 1 January 2016.

## FINANCIAL REVIEW

### Revenue

The Group's overall revenue increased from approximately HK\$14.6 million for the six months ended 30 June 2015 to approximately HK\$21.8 million for the six months ended 30 June 2016, representing an increase of approximately 48.9%.

The acquisition of Million Fortune brought the Group to the online platform business. The acquisition was completed on 10 November 2015. Therefore, no revenue from online platform in the first half of year 2015. The revenue from online platform amounted to approximately HK\$21.8 million for the Current Period and generated gross profit of approximately HK\$3.8 million for the Current Period.

There is no revenue from the resources trading business for the six months ended 30 June 2016 and 2015 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.

Revenue from media and advertising for the Current Period is nil 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. For the corresponding period in 2015, this business segment recorded revenue amounted to approximately HK\$14.6 million.

## **Cost of sales**

The Group's cost of sales were increased from approximately HK\$6.9 million for the six months ended 30 June 2015 to approximately HK\$18.0 million for the six months ended 30 June 2016, representing an increase of approximately 160.3%. The increase in primarily reflect the profitability of the integrated business.

## **Gross Profit**

The Group's gross profit amounted to approximately HK\$3.8 million and approximately HK\$7.7 million for the six months ended 30 June 2016 and 2015 respectively, representing a decrease of approximately 51.1%.

## **Administrative and other operating expenses**

Administrative and other operating expenses were approximately HK\$54.7 million and HK\$43.0 million for the six months ended 30 June 2016 and 2015 respectively, representing an increase of HK\$11.7 million or 27.2%. The increase is mainly attributable to increase in the provision of depreciation due to the increase in cost of property, plant and equipment and staff cost compared to the corresponding period in 2015.

## **Impairment loss**

During the Current Period, the Group put through (i) provision of prepayment amounted to approximately HK\$233.7 million, (ii) impairment losses on goodwill amounted to approximately HK\$326.3 million, (iii) impairment losses on trade receivables amounted to approximately HK\$0.8 million and (iv) impairment losses on interests in associated amounted to approximately HK\$208.9 million. The impairment losses on various assets of the Group were aim at to removing amount due from receivables with remoted recoverability, to reflect a consistent presentation of the issue of Million Fortune, and impairing assets that being not related to the core business of the Group.

## **Loss on deconsolidation of Subsidiaries**

The loss on deconsolidation of subsidiaries of approximately HK\$160.6 million due to the loss of contact with former Directors, the results, assets and liabilities and cash flows of those subsidiaries mentioned in note 2 to the financial statements were deconsolidated from the financial statements of the Group from 1 January 2016.

## **Finance cost**

Finance cost of the Group for the Current Period amounted to approximately HK\$16.0 million, including interest charged on convertible bonds, non-convertible bonds, finance leases and bank borrowings, represented an increase of approximately HK\$6.5 million or 68.5%. For the Current Period, the most substantial finance cost was charged on non-convertible bonds and amounted to approximately HK\$6.8 million. For the corresponding period in 2015, the most substantial finance cost was charged on convertible bonds amounted to approximately HK\$9.0 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\$752.8 million and HK\$751.9 million for the Current Period respectively. Both of the loss for the period and loss attributable to the owners of the Company were approximately HK\$25.6 million for the corresponding period in 2015.

## **CAPITAL STRUCTURE**

As at 30 June 2016, the issued share capital of the Company was HK\$3,178,754,000 divided into 6,411,770,500 shares (the "Shares").

During the six months ended 30 June 2016, the Group financed its operations by (i) cash flow from operating activities; (ii) funding through issuance of the non-convertible bonds, and (iii) funding through issuance of new Shares. As at 30 June 2016, the cash and bank balances of the Group amounted to approximately HK\$324.4 million (31 December 2015: HK\$420.9 million), in which of HK\$200 million deposit was pledged to banks (31 December 2015: HK\$237.5 million).



## Share Subscription

On 11 April 2016, the Company entered into a conditional agreement with Upper Target Limited (the “Subscriber”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 496,000,000 Shares (the “Subscription Shares”) at a price of HK\$0.165 per Subscription 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 (the “Share Subscription”).

The subscription price of HK\$0.165 per Subscription Share representing a discount of approximately 17.50% to the closing price of HK\$0.20 per Share as quoted on the Stock Exchange on 11 April 2016. The Share Subscription completed on 11 May 2016.

The reasons for carrying out the Share Subscription were to strengthen the financial position (in particular the working capital and cash flow position) of the Group and provide further funding to the Group for its development and investment with an objective to provide attractive returns for the shareholders of the Company.

The net proceeds arising from the Share Subscription amounted to approximately HK\$81.8 million (equivalent to a net price of approximately HK\$0.1649), which was used by the Company (i) as to approximately HK\$25 million for settlement of debt and related interests; (ii) as to approximately HK\$25 million for investment activities when such investment opportunities arise; and (iii) as to approximately HK\$31.8 million as general working capital of the Group. The net proceeds were used according to the intentions previously disclosed.

Details of the Share Subscription were set out in the Company’s announcement dated 11 April 2016.

## **Conversion of Convertible Bond**

On 28 April 2016, the Company issued and allotted 42,000,000 Shares upon exercise of the conversion rights in respect of QDCB1 in the principal amount of HK\$16,800,000 at conversion price of HK\$0.40 per conversion share.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2016, the Group had current assets of approximately HK\$613.7 million (31 December 2015: HK\$1,105.3 million), while its current liabilities were approximately HK\$378.7 million (31 December 2015: HK\$655.1 million). The current ratio of the Group was approximately 1.6 times (2015:1.7 times) and gearing ratio (total debt/total equity) was 2.0 times (2015: 0.6 times).

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$324.3 million (31 December 2015: HK\$420.9 million). During the period, the Group obtain financial resources mainly from proceeds from issue of Shares of approximately HK\$81.8 million, proceeds from issue of non-convertible bonds of approximately HK\$90.5 million and net proceeds from disposal of financial assets at fair value through profit or loss approximately HK\$92.5 million.

## Issue of Non-convertible Bonds

During the six months ended 30 June 2016, the Company issued twelve 6% non-convertible bonds (the “NCBs”) in an aggregate principle amount of HK\$90.5 million. The NCBs are redeemable at the discretion of the Company at 100% of the principle amount of such NCBs together with payment of interest accrued up to the date of such early redemption by serving at least ten calendar days written notice at any time before the maturity date. The NCBs will be redeemed on the date immediately following twelve to twenty-four months after the first date of issue of the NCBs. The NCBs carry interest rate of 6% per annum, which is payable annually in arrears.

## Issue of Convertible Bonds

As disclosed in the paragraph headed “Acquisition of Gear World” above, the Company issued the TMCB1 in the aggregate principal amount of HK\$140 million to Nation Spirit Limited and Blissful Elite Limited on 6 September 2016 as part of the consideration for the Acquisition of Gear World. TMCB1 carry interest at a rate of 3% per annum, which are payable on the third anniversary of the date of issuance of the TMCB1. The TMCB1 entitle the holder to convert the TMCB1 into Shares at initial conversion price of HK\$0.30 per conversion share (subject to adjustments) during the period from the date of issue to the date of maturity and a maximum of 466,666,666 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 18 July 2016.

The initial conversion price of HK\$0.30 per conversion share (subject to adjustments) representing a premium of approximately 32.74% to the closing price of the Shares of HK\$0.2260 per Share as quoted on the Stock Exchange on 15 January 2016, being the date of signing of the Sale and Purchase Agreement.

## FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2016, the majority of the Group's income and expenses were denominated in Renminbi ("RMB") and Hong Kong dollars. Up to 30 June 2016, 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 2016. 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 2016, the Group had 37 employees (including Directors) in Hong Kong and the PRC (31 December 2015: 73 employees (including Directors) in Hong Kong, the PRC and Mongolia). 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 2016.

## BORROWINGS

As at 30 June 2016, the Group recorded borrowings of approximately HK\$195.7 million (31 December 2015: HK\$251.8 million), in which approximately HK\$190.1 million (31 December 2015: HK\$225.2 million) was a loan from financial institutions or restricted licence bank and was secured by pledged bank deposits of approximately HK\$200 million (31 December 2015: HK\$237.5 million) .

## CAPITAL COMMITMENTS

As at 30 June 2016, there is no capital commitments of the Group. As at 31 December 2015, the capital commitments of the Group were approximately HK\$25.5 million.

## **CHARGE ON GROUP ASSETS**

As at 30 June 2016, the Group pledged property, plant and equipment with the net carrying account of approximately HK\$3.1 million (31 December 2015: approximately HK\$3,625,000) to secure the finance lease payables of approximately HK\$3.0 million (31 December 2015: HK\$3.5 million) and the bank loan of approximately HK\$190.1 million (31 December 2015: HK\$225.2 million) was secured by a charge over the Group's pledged bank deposits of approximately HK\$200 million (31 December 2015: HK\$237.5 million).

## **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group had contingent liabilities as possible claims arising from indemnity related to a former subsidiary of approximately HK\$7,200,000, being equivalent to RMB6,100,000 (31 December 2015: HK\$7,282,000, 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 2016 as the claims are remote as advised by the PRC legal adviser.

## **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 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 of Directors (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 TMTC (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 2016, 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 and underlying shares of the Company are set out as below:

<b>Name of Directors</b>	<b>Capacity/ Nature of interest</b>	<b>Number of Shares held</b>	<b>Number of underlying shares held (Note)</b>	<b>Approximately percentage of total number of Shares in issue</b>
Lo Ka Wai	Beneficial owner	–	30,079,155	0.47%
Feng Yongming	Beneficial owner	–	30,079,155	0.47%
Li Hui	Beneficial owner	1,801,000	–	0.03%
		–	30,079,155	0.47%
Tian Songlin	Beneficial owner	470,000	–	0.01%
		–	30,079,155	0.47%
Wang Qun	Beneficial owner	–	2,506,596	0.04%
Yang Zhi Shu	Beneficial owner	–	2,506,596	0.04%

Note: These underlying shares are derived from the interest in share options granted by the Company under the share option scheme adopted on 14 December 2012, details of which are set out in the section headed "SHARE OPTION SCHEMES" below

Save as disclosed above, as at 30 June 2016, 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 Current Period are as follows:

Name of category/ participant	Date of grant	Number of share options				Outstanding as at 30 June 2016	Exercise period	Exercise price per share option HK\$
		Outstanding as at 1 January 2016	Exercised during the period	Cancelled during the period	Lapsed during the period			
<b>Employees</b>								
In aggregate	29 November 2007	1,478,697	-	-	-	1,478,697	29 November 2007 – 28 November 2017	2.5536
<b>Business associates</b>								
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		17,476,072	-	-	-	17,476,072		



## 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 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 2016 was 563,650,790 Shares (including 191,554,090 Shares to be issued upon exercise of the outstanding share options granted under the 2012 Share Option Scheme).

Details of the movement in the share options granted under the 2012 Share Option Scheme during the Current Period are as follows:

Name of category/ participant	Date of grant	Number of share options				Outstanding as at 30 June 2016	Exercise period	Exercise price per share option HK\$
		Outstanding as at 1 January 2016	Exercised during the period	Cancelled during the period	Lapsed during the period			
<b>Directors</b>								
Mr. Lo Ka Wai	3 September 2014	30,079,155	-	-	-	30,079,155	3 September 2014 – 2 September 2019	0.2274
Mr. Feng Yongming	3 September 2014	30,079,155	-	-	-	30,079,155	3 September 2014 – 2 September 2019	0.2274
Mr. Wang Qun	3 September 2014	2,506,596	-	-	-	2,506,596	3 September 2014 – 2 September 2019	0.2274
Dr. Yang Zhi Shu	3 September 2014	2,506,596	-	-	-	2,506,596	3 September 2014 – 2 September 2019	0.2274
Mr. Li Hui	3 September 2014	30,079,155	-	-	-	30,079,155	3 September 2014 – 2 September 2019	0.2274
Mr. Tian Songlin	3 September 2014	30,079,155	-	-	-	30,079,155	3 September 2014 – 2 September 2019	0.2274
		<u>125,329,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,329,812</u>		
<b>Employees</b>								
In aggregate	3 September 2014	46,171,506	-	-	-	46,171,506	3 September 2014 – 2 September 2019	0.2274
<b>Business Associates</b>								
In aggregate	3 September 2014	20,052,772	-	-	-	20,052,772	3 September 2014 – 2 September 2019	0.2274
		<u>191,554,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,554,090</u>		

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

At 30 June 2016, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company 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
Nation Spirit Limited (Note 2)	Beneficial Owner	Long position	–	933,333,333	14.56%
Gu Baorong (Note 2)	Interest of a controlled Corporation	Long position	–	933,333,333	14.56%
Blissful Elite Limited (Note 3)	Beneficial Owner	Long position	–	933,333,332	14.56%
Ji Sen (Note 3)	Interest of a controlled Corporation	Long position	–	933,333,332	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 to be 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 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.
3. 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.
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 2016, 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 2016.

## **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 2016.

## **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 2016.

## **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 deviation explained below during the six months ended 30 June 2016.

**The code provisions      Reasons for the non-compliance and improvement actions took or to be taken**

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.

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.

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 2016.

E.1.2      Based on the information available to the current Board, Mr. Wang Qun, the then chairman of the nomination committee of the Company, did not attend the annual general meeting of the Company held on 29 June 2016.

## AUDIT COMMITTEE

The audit committee of the Company (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 2016 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 2016.

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.*