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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)

**KEY FINDINGS IN PROGRESS OF SECOND STAGE OF
THE INDEPENDENT FORENSIC INVESTIGATION**

This announcement is made by National United Resources Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 10 October 2017, 24 April 2018 and 30 October 2018 (the “**Announcements**”) regarding, among other matters, the independent forensic investigation. Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement dated 10 October 2017. As set out in the Announcements, the board of directors (the “**Directors**”) of the Company (the “**Board**”) resolved on 17 April 2018 to appoint Mr. Li Wen, an independent non-executive Director, as the chairman of the independent investigation committee of the Company (the “**Committee**”). The Committee engaged KLC Corporate Advisory and Recovery Limited (“**KLC**”) on 24 April 2018 as an independent forensic accountant to conduct the second stage of investigation (the “**Second Stage of Investigation**”). The Board resolved on 1 June 2018 to appoint Mr. Qiu Ke, an independent non-executive Director, as a member of the Committee.

The Company wishes to inform the Shareholders that KLC issued a report on the Second Stage of Investigation (the “**Second Stage of Investigation Report**”) on 27 November 2018 which sets out the findings of its forensic investigation. The Committee has convened a meeting to adopt the Second Stage of Investigation Report and resolved to present the Second Stage of Investigation Report to the Board to discuss the follow-up work. The Board has considered the conclusions of the Second Stage of Investigation Report and resolved to take corresponding actions in order to facilitate the resumption application of the Company.

Key findings from the Second Stage of Investigation carried out by KLC are set forth below.

SUMMARY OF THE FINDINGS OF THE SECOND STAGE OF INVESTIGATION BY KLC

(A) Scope of the Second Stage of Investigation

The scope of the Second Stage of Investigation includes the followings:

- (i) the whereabouts of the money involved in the fuel oil transactions (the “**Issues in relation to the funds in the Fuel Oil Transactions**”);
- (ii) whether Mr. Yang Fan (a former Director of the Company) and Mr. Li Tao are potentially involved in the embezzlement of funds of the Company and the method of the transfer of the funds (the “**Issues in relation to Mr. Yang Fan and Mr. Li Tao**”);
- (iii) whether the acquisition of Glorious Future Logistics Limited (“**Glorious Future**”) is a connected transaction; and
- (iv) the relationships between the Company and other individuals/companies.

(B) Summary of key findings

(i) Issues in relation to the funds in the Fuel Oil Transactions

Based on the conclusions of the First Stage of Investigation Report issued by KLC on 29 March 2017, it is questionable whether 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.

As at the date of issuance of the Second Stage of Investigation Report, Wealthy Union Pte. Ltd. (“**Wealthy Union**”) still owed NUR Clean Energy Investment Limited (an indirect wholly-owned subsidiary of the Company, hereinafter referred to as “**NUR Clean**”) HK\$69,148,955. This amount is the outstanding fuel oil purchase amount payable to NUR Clean by Wealthy Union in the Fuel Oil Transactions carried out in August 2015.

Meanwhile, as at the date of issuance of the Second Stage of Investigation Report, Huge Power Co., Ltd (“**Huge Power**”) had yet to refund HK\$144 million to NUR Clean. In addition, in the documents obtained from the workstation of Mr. Chan Chon Hong, a former employee of the Company, KLC has discovered three fuel oil transactions which were similar to the Fuel Oil Transactions in November 2015 and an Excel spreadsheet entitled “泰力銀行流水 (bank account record of Huge Power)” which recorded the bank account transactions of Huge Power. KLC has discovered that the whereabouts of such HK\$144 million are as follows:

- (a) HK\$49,585,893 was transferred to Wealthy Union;
- (b) HK\$71,900,000 was transferred to China Wish Limited (“**China Wish**”);
- (c) HK\$10,400,000 was transferred to Upper Target Limited (“**Upper Target**”);
- (d) HK\$2,614,107 was recorded as other expenses; and
- (e) HK\$9,500,000 is unknown.

Amongst the above transactions, KLC discovered that Wealthy Union transferred the HK\$49,585,893 received from Huge Power back to NUR Clean. KLC cannot determine the final recipients of the HK\$71,900,000 and HK\$10,400,000 which were paid to China Wish and Upper Target, respectively.

From the documents obtained from the workstation of Mr. Chan Chon Hong, KLC has also discovered information about an alleged transaction regarding the sale of fuel oil from Sincere Logistics Limited (友誠物流有限公司) (“**Sincere Logistics**”) to Huge Power, and an Excel spreadsheet entitled “Movement” which recorded payments in the sum of approximately HK\$271 million from Huge Power to Sincere Logistics. KLC has reasons to believe that the underlying reason of approximately HK\$261 million in the HK\$271 million (approximate) paid by Huge Power to Sincere Logistics was to enable the payment of approximately HK\$228 million by Sincere Logistics to First Concept Logistics Limited (now known as First Concept Industry Group Limited) (an indirect wholly-owned subsidiary of the Company, hereinafter referred to as “**First Concept Logistics**”) in order to reduce the prepayments of First Concept Logistics in the book of accounts. In fact, the prepayments of First Concept Logistics were transferred to Mr. Yang Fan (approximately HK\$196,678,265) and Mr. Li Tao (approximately HK\$283,615,580), respectively directly or indirectly through various companies controlled by Mr. Yang Fan, Mr. Li Tao and/or their associates.

(ii) Issues in relation to Mr. Yang Fan and Mr. Li Tao

KLC has also found seven Excel spreadsheets (the “**Seven Spreadsheets**”) in Mr. Chan Chon Hong’s USB drive. Amongst the Seven Spreadsheets, there is a spreadsheet entitled “總明細表 (Summary Spreadsheet)” which recorded the “資金來源 (Source of Funds)”, “中間佔用 (Intermediary Recipients)” and “最終佔用 (Final Recipients)” of each of the transactions. The Source of Funds was mostly derived from the subsidiaries of the Company or third parties. Intermediary Recipients involved certain companies controlled by Mr. Yang Fan and/or Mr. Li Tao or their associates. The Final Recipients entries recorded Mr. Yang Fan and/or Mr. Li Tao and the companies under their control. KLC thereby investigated how the funds were transferred from the subsidiaries of the Company or third parties to companies of Intermediary Recipients.

The Source of Funds for the suspected payment to Mr. Yang Fan and Mr. Li Tao was mostly derived from the HK\$512 million (approximate) paid by First Concept Logistics. Of the approximately HK\$512 million, approximately HK\$399 million was recorded as “預付款(prepayment)” in the book of accounts of First Concept Logistics. KLC believes that it is merely a disguise to cover up where the funds truly went.

Although KLC cannot obtain the accounts of the relevant personnel and companies recorded as the Final Recipients, the fund flows of the account matched the record of the amounts and dates of Intermediary Recipients in the Summary Spreadsheet according to the bank account information of First Concept Logistics. KLC believes that, in all probability, the fund flows recorded in the Summary Spreadsheet are very likely to be true, meaning that a substantial amount of funds was paid to Mr. Yang Fan and Mr. Li Tao.

According to KLC’s analysis, Mr. Yang Fan and/or companies under his control and/or his associated persons with unknown identities received a total of HK\$265,447,143 whereas Mr. Li Tao and/or his associated persons with unknown identities received a total of HK\$360,661,923.

(iii) Transaction in relation to the acquisition of Glorious Future

On 19 May 2015, the Group entered into a sale and purchase agreement with Mr. Liu Zidong and Century Wealth Limited to acquire the entire issued share capital of Glorious Future at a consideration of HK\$44,000,000. KLC considers that the acquisition of Glorious Future by the Group appears to be a connected transaction within the meaning of the Listing Rules. The reasons include:

- (a) Glorious Future is referred to as “關連公司(a related company)” in another report previously issued by the Company, and such report was issued before the Group acquired Glorious Future;

- (b) KLC also discovered that in two reports previously issued by the Company in respect of other matters, it was mentioned that Mr. Yang Fan and Mr. Aminbuhe were two shareholders of Glorious Future. At that time, Mr. Yang Fan was a Director and a substantial Shareholder of the Company while Mr. Aminbuhe was a former Director of the Company, who both are connected persons of the Company within the meaning of the Listing Rules;
- (c) Mr. Liu Zidong (one of the vendors of the transaction) was an employee of 北京創先智尚資產管理有限公司 (an indirect wholly-owned subsidiary of the Company); and
- (d) KLC found an Excel spreadsheet entitled “對比事項(Comparables)” in Mr. Chan Chon Hong’s USB drive, which shows that Mr. Chan Chon Hong was apparently involved in the administration of the relevant records of the fund flows of the consideration of HK\$44,000,000.

(iv) Relationships between the Company and certain individuals and other companies

KLC’s investigation also analysed the relationships of certain companies and individuals with the Company.

RESUMPTION PLAN

Based on the conclusions in the Second Stage of Investigation Report, the Board considered that it is necessary to proceed with the following as soon as possible:

- (a) to consult the accountants of the Company regarding whether accounting adjustments should be made to the Company’s previous financial statements and to commence the preparation of the financial statements for the years ended 31 December 2016 and 31 December 2017, respectively;
- (b) to engage an internal control advisor to ensure that the Company has an adequate internal control system; and
- (c) to seek legal advice to determine whether to take legal action against relevant persons in order to protect the Company’s interests.

The Company will make announcements to update its Shareholders and potential investors on any substantial development of the above issues as and when appropriate.

CONTINUED SUSPENSION OF THE TRADING OF SHARES

Trading in the shares of the Company on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 1 August 2016, remains suspended and will continue to be so until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
National United Resources Holdings Limited
Ji Kaiping
Chairman

Hong Kong, 3 December 2018

As at the date of this announcement, 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 and Mr. Qiu Ke.