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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)

ANNOUNCEMENT

**QUARTERLY UPDATE ON THE RECENT DEVELOPMENT OF
SUSPENSION OF TRADING**

This announcement is made by National United Resources Holdings Limited (the “**Company**”) pursuant to Rules 13.09 and 13.24A 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).

Reference is made to the announcements of the Company dated 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, 20 June 2019, 10 July 2019, 26 July 2019 and 28 July 2019 (the “**Announcements**”). Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcements.

This announcement provides updates on the Company’s progress of fulfilling the resumption conditions imposed by the Stock Exchange.

SUBMISSION OF RESUMPTION PROPOSAL

Following the Company's submission of a resumption proposal to the Stock Exchange on 19 June 2019 ("**June Proposal**"), the Company has received comments from the Stock Exchange. The Company submitted a supplemental resumption proposal to the Stock Exchange on 30 July 2019 (together with the June Proposal, "**Resumption Proposal**").

Key terms of the Resumption Proposal include the following elements:

- (i) subscription of new Shares by Mr. Ji Kaiping and Mr. Guo Peiyuan, both being executive Directors of the Company ("**Subscription**") to provide new equity capital to the Company;
- (ii) an open offer to provide existing Shareholders pre-emptive right to subscribe new Shares at the same price as the Subscription should they so wish ("**Open Offer**") to provide new equity capital to the Company; and
- (iii) debt restructuring plans agreed by certain creditors to significantly reduce liabilities of the Company ("**Debt Restructuring**").

The proceeds from the Subscription and the Open Offer will be used to (i) repay debts of the Company under the Debt Restructuring; (ii) finance business expansion; and (iii) provide general working capital for the Company.

As at the date of this announcement, legally binding agreements in respect of the Subscription and Debt Restructuring have been signed. Each of the Subscription, Open Offer and Debt Restructuring is subject to a number of conditions precedent, including but not limited to approval from independent Shareholders, the Stock Exchange and the Securities and Futures Commission. Assuming the Resumption Proposal and the transactions contemplated thereunder are implemented, the Group will have net assets instead of net liabilities upon completion of the Resumption Proposal.

The Company will keep its shareholders and potential investors informed of any material developments in connection with the Resumption Proposal and further announcements will be made as and when appropriate.

RESUMPTION CONDITIONS

As disclosed in the Company's announcement dated 31 July 2018, the Stock Exchange imposed on the Company the following resumption conditions ("**Resumption Conditions**"):-

- (i) publish all outstanding financial results in accordance with the Listing Rules and address any audit modifications ("**Publication of Outstanding Financial Results Condition**"); and
- (ii) demonstrate that the Company has put in place adequate internal control systems ("**Internal Control Condition**").

PROGRESS OF FULFILMENT OF THE RESUMPTION CONDITIONS

As explained in the forthcoming paragraphs and subject to the Stock Exchange's review, the Company considers it has fulfilled all the Resumption Conditions as at the date of this announcement.

(i) **Publication of Outstanding Financial Results Condition**

The Company has published all outstanding financial results and reports. The following table sets forth the dates of the publication of the relevant financial results and reports:

Financial results/reports	Date of publication
Annual results announcement for the year ended 31 December 2016	10 July 2019
Annual results announcement for the year ended 31 December 2017	10 July 2019
Annual results announcement for the year ended 31 December 2018	10 July 2019
Interim results announcement for the six months ended 30 June 2016	28 July 2019
Interim results announcement for the six months ended 30 June 2017	28 July 2019

Financial results/reports	Date of publication
Interim results announcement for the six months ended 30 June 2018	28 July 2019
Annual report for the year ended 31 December 2016	29 July 2019
Annual report for the year ended 31 December 2017	29 July 2019
Annual report for the year ended 31 December 2018	29 July 2019
Interim report for the six months ended 30 June 2016	29 July 2019
Interim report for the six months ended 30 June 2017	29 July 2019
Interim report for the six months ended 30 June 2018	29 July 2019

The auditors of the Company, ZHONGHUI ANDA CPA Limited (“**Auditor**”), had disclaimed their opinion on the consolidated financial statements of the Group for the years ended 31 December 2016, 2017 and 2018. The Company has taken actions to address the relevant audit qualifications.

Actions taken by the Company to address relevant disclaimer of opinion in the consolidated financial statements of the Group for the year ended 31 December 2018 are set out below:

a. Certain opening balances and corresponding figures

The Auditor’s opinion on the consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”), which forms the basis for the corresponding figures presented in the current year’s consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of the audit and the material uncertainty in relation to going concern, which relates to restatement of loss of the fuel oil transactions in the year ended 31 December 2015, and was calculated based on cash inflow and outflow of the transaction. Accordingly, the Auditor was unable to form an opinion on the 2017 Financial Statements.

This audit disclaimer will be removed in the year ended 31 December 2021 with opening and closing balances properly audited without limitation of scope.

b. *Limited accounting books and records of subsidiaries of the Company – First Concept Industrial Group Limited (“First Concept”) and iFrontier LLC (“iFrontier”)*

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of First Concept and iFrontier for the years ended 31 December 2017 and 2018, the Auditor was unable to carry out audit procedures to satisfy itself as to whether the certain income and expenses for the years ended 31 December 2017 and 2018 and the assets and liabilities as at 31 December 2017 and 2018, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements.

Pursuant to the announcement of the Company dated 26 July 2019, First Concept and iFrontier have been disposed to independent third parties of the Company. As such, this balance sheet disclaimer will be removed in the year ended 31 December 2019, while the impact on the profit and loss account of this disclaimer will be removed in the year ended 31 December 2021.

c. *Loss on deconsolidation of the subsidiaries*

As explained in note 2 of the consolidated financial statements of the Group for the year ended 31 December 2018, certain subsidiaries of the Company have been deconsolidated from the Group since 1 January 2016. No sufficient evidence has been provided to satisfy the Auditor as to whether the Company had lost control of the aforesaid certain subsidiaries on 1 January 2016 and throughout the years ended 31 December 2017 and 2018. Accordingly, the Auditor was unable to satisfy itself as to the deconsolidated subsidiaries, as to the completeness of the transactions of the Group for the years ended 31 December 2017 and 2018 and the Group’s financial position as at those dates.

Pursuant to the announcement of the Company dated 26 July 2019, these subsidiaries with limited books and records have been disposed to independent third parties of the Company. As such this balance sheet disclaimer will be removed in the year ended 31 December 2019, while the impact on the profit and loss account of this disclaimer will be removed in the year ended 31 December 2021.

d. *Impairment losses on interests in associates*

The Auditor has not been provided with sufficient appropriate audit evidence whether the impairment losses on interests in associates of approximately HK\$208,944,000 for the year ended 31 December 2016 should be recorded in 2016 or 2017.

Such disclaimer would be removed in the year ended 31 December 2019 as there is no future impact on such impairment loss.

e. *Borrowing*

There was no sufficient evidence provided to satisfy the Auditor, in relation to the existence, rights and obligations and valuation of the borrowings of approximately HK\$42,467,000 and HK\$40,535,000 as at 31 December 2017 and 2018 respectively by the associate company in (d) above.

The Company will use proceeds from the Subscription and the Open Offer to repay such debt after debt obligation is verified. This disclaimer will be removed upon repayment is made, which is expected to be in the year ended 31 December 2019.

f. *Going Concern*

The Group incurred a loss of approximately HK\$15,308,000 for the year ended 31 December 2018. As at 31 December 2018, the Group had net current liabilities and net liabilities of approximately HK\$682,256,000 and HK\$599,388,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

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

The Company will undergo (i) the Subscription; (ii) the Open Offer; and (iii) the Debt Restructuring, to reduce debt and raise capital for expansion and for working capital. Upon completion of the forgoing transactions, the disclaimer on going concern will be removed.

(ii) Internal Control Condition

On 25 January 2019, the Company engaged Netis Advisory Limited (“Netis”) as its internal control adviser. Netis completed its initial review in around April 2019. Corrective measures have been taken following Netis’ recommendations. After having reviewed the Group’s strengthened internal control system and corrective measures, a final internal control review report was issued by Netis and received by the Company on 30 July 2019. Netis confirmed that the Company has put in place the internal control procedures which are in line with its recommendations provided to the Group to address the relevant internal control deficiencies revealed in its initial review. Netis is not aware of any material internal control deficiencies during its final review.

BUSINESS OPERATIONS

Up to the date of this announcement, there is no material update in relation to the Group’s business operations. As previously disclosed, the operation of the Group’s resources trading business was temporarily suspended due to the Second Stage Investigation. The Group’s major business remains to be the tour bus services, passenger operation and car rental services provided by the TMTC Group.

CONTINUED SUSPENSION OF TRADING OF THE 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.

The publication of this announcement does not mean the Resumption Proposal, which is subject to a number of conditions precedent, will be approved by the regulatory bodies or will be implemented in part or in full. Shareholders and investors are advised to exercise caution in dealing in the Shares or relevant securities of the Company.

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

Hong Kong, 31 July 2019

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, Mr. Qiu Ke and Ms. Chen Yen Yung.