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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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

ANNUAL RESULTS

The board (the “Board”) of directors (the “Director(s)”) of National United Resources Holdings Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016, which have been reviewed by the audit committee of the Company (the “Audit Committee”) together with the comparative figures for the corresponding period in the year 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Revenue	4	51,737	77,818
Cost of sales		<u>(32,482)</u>	<u>(52,966)</u>
Gross profit		19,255	24,852
Other income		34,732	33,737
Other loss	3	–	(65,574)
Amortisation of intangible assets		(4,312)	(6,120)
Administrative and other operating expenses		<u>(106,236)</u>	<u>(91,998)</u>
Loss from operations		(56,561)	(105,103)

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Loss from operations		(56,561)	(105,103)
Finance cost	6	(37,604)	(23,597)
Fair value gain of derivative instruments		213,319	33,573
Provision of prepayment		(233,679)	(40,000)
Impairment losses on property, plant and equipment		(25,312)	–
Impairment losses on goodwill		(791,122)	–
Impairment losses on intangible assets		(77,006)	–
Impairment losses on trade receivables		(770)	–
Impairment losses on interests in associates		(208,944)	–
Loss on deconsolidation of subsidiaries	7	(238,905)	–
Share of profits and losses of associates		<u>–</u>	<u>3,728</u>
Loss before tax		(1,456,584)	(131,399)
Income tax credit/(expense)	8	<u>14,135</u>	<u>(1,968)</u>
Loss for the year	9	<u>(1,442,449)</u>	<u>(133,367)</u>
Attributable to:			
Owners of the Company		(1,438,382)	(132,674)
Non-controlling interests		<u>(4,067)</u>	<u>(693)</u>
		<u>(1,442,449)</u>	<u>(133,367)</u>
Loss per share attributable to owners of the Company			
Basic (<i>HK cents per share</i>)	10	<u>(23.12)</u>	(restated) <u>(2.78)</u>
Diluted (<i>HK cents per share</i>)		<u>(23.12)</u>	<u>(2.78)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	<i>Notes</i>	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)
Loss for the year	9	(1,442,449)	(133,367)
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,778	(1,462)
Exchange differences on translation of associates		–	(5,690)
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)
		<u>–</u>	<u>(3,566)</u>
Total comprehensive loss for the year		<u>(1,435,987)</u>	<u>(144,085)</u>
Total comprehensive loss			
for the year attributable to:			
Owners of the Company		(1,431,615)	(142,289)
Non-controlling interests		<u>(4,372)</u>	<u>(1,796)</u>
		<u>(1,435,987)</u>	<u>(144,085)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000 (restated)
Non-current assets			
Property, plant and equipment		165,341	61,328
Goodwill		–	326,342
Intangible assets		–	178,093
Club membership		–	150
Interests in associates		–	208,944
Deposits for acquisition of property, plant and equipment		–	2,629
		165,341	777,486
Current assets			
Inventories		–	5,325
Trade receivables	<i>11</i>	404	20,351
Bonds receivable		–	75,780
Prepayments, deposits and other receivables		188,037	580,557
Financial assets at fair value through profit or loss		2,325	2,387
Pledged bank deposits		65,000	237,478
Bank and cash balances		47,457	183,409
		303,223	1,105,287
Current liabilities			
Trade payables	<i>12</i>	44,949	73,256
Other payables and accruals		150,150	56,966
Derivative instruments		10,000	–
Borrowings	<i>13</i>	217,455	251,773
Convertible bonds	<i>14</i>	24,652	–
Non-convertible bonds		10,963	243,959
Finance lease payables		31,453	980
Tax payable		24,496	28,172
		514,118	655,106
Net current (liabilities)/assets		(210,895)	450,181
Total assets less current liabilities		(45,554)	1,227,667

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000 (restated)
Non-current liabilities			
Derivative instruments		–	223,319
Convertible bonds	<i>14</i>	133,316	62,889
Non-convertible bonds		89,892	10,795
Finance lease payables		185,936	2,527
Deferred tax liabilities		–	43,126
		<u>409,144</u>	<u>342,656</u>
NET (LIABILITIES)/ASSETS		<u>(454,698)</u>	<u>885,011</u>
Capital and reserves			
Share capital		3,178,754	3,080,114
Reserves		<u>(3,640,400)</u>	<u>(2,231,088)</u>
Equity attributable to owners of the Company		(461,646)	849,026
Non-controlling interests		<u>6,948</u>	<u>35,985</u>
TOTAL EQUITY		<u>(454,698)</u>	<u>885,011</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2016 in due course. ZHONGHUI ANDA CPA Limited has reported on those financial statements of the Group for the years ended 31 December 2015 and 2016. The auditor's report dated 30 March 2016 was unqualified and the auditor disclaimed their opinion in the auditor's report dated 9 July 2019; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance; and contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance.

Going concern

The Group incurred a loss of approximately HK\$1,442,449,000 for the year ended 31 December 2016 and as at 31 December 2016 the Group had net current liabilities of approximately HK\$210,895,000 and net liabilities of approximately HK\$454,698,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

The financial statements have been prepared on a going concern basis 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.

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

2. 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.

3. PRIOR YEAR RESTATEMENT

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 “Investigation 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 Investigation 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 profit or loss and other comprehensive income for the year ended 31 December 2015

	As previously reported <i>HK\$'000</i>	Effect of prior year's restatement <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Revenue	382,789	(304,971)	77,818
Cost of sales	<u>(355,250)</u>	<u>302,284</u>	<u>(52,966)</u>
Gross profit	27,539	(2,687)	24,852
Other income	33,737	–	33,737
Other loss	–	(65,574)	(65,574)
Amortisation of intangible assets	(6,120)	–	(6,120)
Administrative and other operating expenses	<u>(91,998)</u>	<u>–</u>	<u>(91,998)</u>
Profit/(loss) from operations	(36,842)	(68,261)	(105,103)
Finance cost	(23,597)	–	(23,597)
Fair value gain of derivative instruments	33,573	–	33,573
Provision of prepayment	(40,000)	–	(40,000)
Share of profits and losses of associates	<u>3,728</u>	<u>–</u>	<u>3,728</u>
Profit/(loss) before tax	(63,138)	(68,261)	(131,399)
Income tax expense	<u>(1,968)</u>	<u>–</u>	<u>(1,968)</u>
Profit/(loss) for the year	<u>(65,106)</u>	<u>(68,261)</u>	<u>(133,367)</u>
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations	(1,462)	–	(1,462)
Exchange differences on translation of associates	(5,690)	–	(5,690)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	<u>(3,566)</u>	<u>–</u>	<u>(3,566)</u>
Other comprehensive income for the year, net of tax	<u>(10,718)</u>	<u>–</u>	<u>(10,718)</u>
Total comprehensive loss for the year	<u><u>(75,824)</u></u>	<u><u>(68,261)</u></u>	<u><u>(144,085)</u></u>

Consolidated statement of financial position as at 31 December 2015

	As previously reported <i>HK\$'000</i>	Effect of prior year's restatement <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Non-current assets			
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>
Current assets			
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>
Current liabilities			
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>
Net current assets	<u>518,442</u>	<u>(68,261)</u>	<u>450,181</u>
Total assets less current liabilities	<u>1,295,928</u>	<u>(68,261)</u>	<u>1,227,667</u>

	As previously reported <i>HK\$'000</i>	Effect of prior year's restatement <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Non-current liabilities			
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>
NET ASSETS	<u>953,272</u>	<u>(68,261)</u>	<u>885,011</u>
Capital and reserves			
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>
TOTAL EQUITY	<u><u>953,272</u></u>	<u><u>(68,261)</u></u>	<u><u>885,011</u></u>

4. REVENUE

Revenue represents the amounts received and receivable by the Group from business income, the sales of goods and services rendered to customers, net of discounts, returns and sales related taxes are as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Car rental income	14,956	–
Trading service fee income	36,781	20,234
Sales of goods	–	32,758
Media and advertising services income	<u>–</u>	<u>24,826</u>
	<u>51,737</u>	<u>77,818</u>

5. OPERATING SEGMENT INFORMATION

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

Car rental	–	provision of car rental services
Online platform	–	provision of online platform for the trading and deferred spot delivery services of precious metals
Resources trading	–	trading of coking coal
Media and advertising	–	media and advertising

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 profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) 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 are excluded from such measurement.

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.

During the years ended 31 December 2016 and 2015, there were no inter-segment sales.

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

	Car rental <i>HK\$'000</i>	Online platform <i>HK\$'000</i>	Resources trading <i>HK\$'000</i>	Media and advertising <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2016					
Revenue from external customers	<u>14,956</u>	<u>36,781</u>	<u>-</u>	<u>-</u>	<u>51,737</u>
Segment result	7,424	(2,528)	(25,365)	-	(20,469)
Interest income on bank deposits					3,742
Other income					30,990
Unallocated expenses					<u>(70,824)</u>
Loss from operations					(56,561)
Finance cost					(37,604)
Fair value gain of derivative instruments					213,319
Provision of prepayment					(233,679)
Impairment losses on property, plant and equipment					(25,312)
Impairment losses on goodwill					(791,122)
Impairment losses on intangible assets					(77,006)
Impairment losses on trade receivables					(770)
Impairment losses on interests in associates					(208,944)
Loss on deconsolidation of subsidiaries					<u>(238,905)</u>
Loss before tax					(1,456,584)
Income tax expense					<u>14,135</u>
Loss for the year					<u>(1,442,449)</u>
Depreciation and amortisation	3,229	5,466	13,113	-	21,808
Capital expenditure	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75</u>
As at 31 December 2016					
Segment assets	259,812	49,679	128,578	1,615	439,684
Unallocated assets					<u>28,880</u>
					<u>468,564</u>
Segment liabilities	(254,177)	(25,942)	(74,983)	(434)	(355,536)
Unallocated liabilities					<u>(567,726)</u>
					<u>(923,262)</u>

	Online platform <i>HK\$'000</i>	Resources trading <i>HK\$'000</i> (restated)	Media and advertising <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
Year ended 31 December 2015				
Revenue from external customers	<u>20,234</u>	<u>32,758</u>	<u>24,826</u>	<u>77,818</u>
Segment result	6,301	(87,087)	13,766	(67,020)
Interest income on bank deposits				940
Other income				32,797
Unallocated expenses				<u>(71,820)</u>
Loss from operations				(105,103)
Finance cost				(23,597)
Fair value gain of derivative instruments				33,573
Provision of prepayment				(40,000)
Share of profits and losses of associates				<u>3,728</u>
Loss before tax				(131,399)
Income tax expense				<u>(1,968)</u>
Loss for the year				<u>(133,367)</u>
Depreciation and amortisation	925	5,659	5,733	12,317
Capital expenditure	<u>84,506</u>	<u>46,552</u>	<u>–</u>	<u>131,058</u>
As at 31 December 2015				
Segment assets	431,890	664,413	100,083	1,196,386
Unallocated assets				<u>686,387</u>
				<u>1,882,773</u>
Segment liabilities	(4,875)	(100,199)	(8,748)	(113,822)
Unallocated liabilities				<u>(883,940)</u>
				<u>(997,762)</u>

(b) **Geographical information:**

The Group's revenue analysed by geographical location and information about its non-current assets by geographical location are detailed below:

	Revenue		Non-current assets	
	Year ended 31 December		As at 31 December	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	–	–	13,914	30,858
PRC	51,737	77,818	145,614	705,593
Mongolia	–	–	5,813	41,035
	51,737	77,818	165,341	777,486

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

6. **FINANCE COST**

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank charges	1,847	73
Interest expenses on borrowings		
– interest on convertible bonds	16,018	1,458
– interest on non-convertible bonds	10,692	19,333
– interest on finance lease	3,154	195
– interest on bank borrowings	5,893	2,538
	37,604	23,597

7. LOSS ON DECONSOLIDATION OF SUBSIDIARIES

Loss on deconsolidation of the subsidiaries and due from deconsolidated subsidiaries

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Loss on deconsolidation of subsidiaries	152,139	–
Impairment on investment in subsidiaries	70,728	–
Impairment on due from the deconsolidated subsidiaries	<u>16,038</u>	<u>–</u>
	<u>238,905</u>	<u>–</u>

As disclosed in note 1 in notes 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.

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

	1 January 2016 <i>HK\$'000</i>
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	<u>(24,188)</u>
Net assets deconsolidated	172,120
Release of foreign currency translation reserve	4,684
Non-controlling interest	<u>(24,665)</u>
Loss on deconsolidation of subsidiaries	<u>152,139</u>

8. INCOME TAX CREDIT/(EXPENSE)

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	–	472
Current tax – the PRC Enterprise Income Tax		
Provision for the year	4,814	3,919
Deferred tax	<u>(18,949)</u>	<u>(2,423)</u>
	<u>(14,135)</u>	<u>1,968</u>

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 year.

Under the Law of the PRC on Enterprise Income Tax, the applicable income tax rate of the Group's subsidiaries in the PRC is 25% (2015: 25%).

The reconciliation between the income tax and profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Loss before tax	<u>(1,456,584)</u>	<u>(131,399)</u>
Tax at the domestic income tax rate of 16.5% (2015: 16.5%)	(240,336)	(21,681)
Tax effect on share of profits and losses attributable to associates	–	(615)
Effect of different tax rates of subsidiaries operating in the PRC	364	(189)
Income not subject to tax	(5,539)	(8,352)
Expenses not deductible for tax	189,579	21,019
Tax losses not recognised	<u>41,797</u>	<u>11,786</u>
	<u>(14,135)</u>	<u>1,968</u>

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the followings:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories sold	–	24,965
Depreciation	17,795	9,471
Amortisation of intangible assets	4,312	6,120
Auditor's remuneration	980	880
Minimum lease payments under operating lease in respect of:		
– land and buildings	10,967	8,788
– office equipment	–	27
– outdoor billboards	–	4,910
	10,967	13,725
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	15,088	27,069
– retirement benefits scheme contributions	575	925
	15,663	27,994

10. 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 year attributable to owners of the Company of approximately HK\$1,438,382,000 (2015: HK\$132,674,000 (restated)) and the weighted average number of ordinary shares of 6,220,699,462 (2015: 4,768,113,871) in issue during the year.

Diluted earning per share

No diluted loss per share for the years ended 31 December 2016 and 2015 is presented as the effects of all convertible bonds and options are anti-dilutive for the years.

11. TRADE RECEIVABLES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Within 30 days	404	9,492
31 – 60 days	–	9,477
Over 1 year	770	1,382
Less: Impairments	<u>(770)</u>	<u>–</u>
	<u>404</u>	<u>20,351</u>

12. TRADE PAYABLES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	1,984	5,366
31 – 60 days	4,630	–
Over 1 year	<u>38,335</u>	<u>67,890</u>
	<u>44,949</u>	<u>73,256</u>

13. BORROWINGS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Bank loan	61,778	225,218
Other loans	<u>155,677</u>	<u>26,555</u>
	<u><u>217,455</u></u>	<u><u>251,773</u></u>

All borrowings are repayable on demand or within one year.

The average interest rates at 31 December were as follows:

	2016	2015
Bank loan (1)	4.35%	4.35%
Bank loan (2)	Nil	4.07%
Other loans	<u>Nil</u>	<u>Nil</u>

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

14. CONVERTIBLE BONDS

On 25 November 2014, the Company issued a convertible bonds in the principal amount of HK\$30,000,000 which bear interest at a rate of 6% per annum (the “2014CB”). The 2014CB is convertible at the option of the bondholders into ordinary shares of the Company within 12 months from the date of issue, at a conversion price of HK\$0.23 per conversion shares (subject to adjustment). And a maximum of 130,434,782 conversion shares can be issued. All the remaining 2014CB is converted or redeemed during the year ended 31 December 2015. Thus the balance for 2014CB at 31 December 2016 was nil.

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 31 December 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 is convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.40 per conversion share (subject to adjustment), and a maximum of 300,000,000 conversion shares can be issued. All the QDCB1 will be redeemed by the Company at par on 9 November 2018. At 31 December 2016, the outstanding principal amount are HK\$55,580,000.

On 31 August 2016, the Company issued a convertible bonds in the principal amount of HK\$140,000,000 (the “TMCB1”) which bear interest rate of 3% per annum as part of the consideration for the acquisition of 100% equity interest in the entire issued share capital of Gear World Development Limited. The TMCB1 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\$0.30 per conversion share (subject to adjustment), and a maximum of 466,666,666 conversion shares can be issued. At 31 December 2016, the outstanding principal amount are HK\$140,000,000.

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

	2014CB	2015CB	QDCB1	TMCB1	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At date of issue					
Fair value of convertible bonds issued				118,164	118,164
Equity component				(29,574)	(29,574)
				<u>118,164</u>	<u>118,164</u>
Liability component at date of issue				<u>88,590</u>	<u>88,590</u>
Liability component					
At 1 January 2015	28,135	–	–	–	28,135
At date of issue	–	49,579	68,067	–	117,646
Converted into shares	(27,913)	(29,593)	(27,011)	–	(84,517)
Interest (reversed)/charged	(389)	693	1,154	–	1,458
Interest payable classify to other payables	182	–	–	–	182
Repaid on maturity date	(15)	–	–	–	(15)
	<u>28,135</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>28,135</u>
At 31 December 2015 and 1 January 2016	–	20,679	42,210	–	62,889
At date of issue	–	–	–	88,590	88,590
Converted into shares	–	–	(9,529)	–	(9,529)
Interest charged	–	3,973	6,147	5,898	16,018
	<u>–</u>	<u>20,679</u>	<u>42,210</u>	<u>88,590</u>	<u>151,487</u>
Liability component at 31 December 2016	–	24,652	38,828	94,488	157,968
Portion classified as current liabilities	–	(24,652)	–	–	(24,652)
	<u>–</u>	<u>–</u>	<u>38,828</u>	<u>94,488</u>	<u>133,316</u>
Non-current portion	<u>–</u>	<u>–</u>	<u>38,828</u>	<u>94,488</u>	<u>133,316</u>

The interest charged for the year of 2015CB, QDCB1 and TMCB1 are calculated by applying an effective interest rate of 19.16%, 19.74% and 19.76% to the liability component respectively.

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2016 and 2015.

16. CONTINGENT LIABILITIES

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (restated)
Indemnity related to a former subsidiary	<u><u>7,092</u></u>	<u><u>7,282</u></u>

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 above possible claim.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is extract of the independent auditor's report from the auditor of the Company:

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of National United Resources Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on annual report 2016, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. Certain opening balances and corresponding figures

As explained in note 3 to the consolidated financial statements, the consolidated financial statements of the Group for the year ended 31 December 2015, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements were restated. There were no satisfactory audit procedures for us to ascertain the accuracy and appropriateness of these restatements, thus the related opening balances and corresponding figures shown in the current year consolidated financial statements. In addition, we have not been provided with sufficient appropriate audit evidence whether the loss of approximately HK\$68,261,000 restated during the year ended 31 December 2015 should be recorded in 2015 or 2016.

2. *Limited accounting books and records of two subsidiaries – First Concept Industrial Group Limited and iFrontier LLC*

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the First Concept Industrial Group Limited and iFrontier LLC for the years ended 31 December 2016, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 31 December 2016 and the assets and liabilities as at 31 December 2016, 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:

	For the year ended 31 December 2016 <i>HK\$'000</i>
Income and expenses:	
Other income	1,089
Administrative expenses	(23,517)
Finance cost	(12)
	<hr/>
Loss and total comprehensive loss for the year	(22,440)
	<hr/> <hr/>
	As at 31 December 2016 <i>HK\$'000</i>
Assets and liabilities:	
Prepayments, deposits and other receivables	634
Bank and cash balances	37,474
Trade payables	(38,266)
Other payables and accruals	(39,724)
	<hr/>
Net liabilities	(39,882)
	<hr/> <hr/>

3. *Nature of prepayments*

We were unable to obtain independent confirmations or other corroborative evidence about the nature of prepayments paid and impaired to the amount of HK\$144,000,000 during the year ended 31 December 2016.

4. *Impairment losses on interests in associates*

No sufficient evidence has been provided to satisfy ourselves, in relation to the accuracy of the impairment losses on interests in associates of approximately HK\$208,944,000 for the year ended 31 December 2016. Furthermore, no sufficient evidence has been provided to satisfy ourselves as to the classification and amount of the remaining interests in associates as at 31 December 2016.

5. *Loss on deconsolidation of the subsidiaries*

As explained in notes 2 and 12 to the consolidated financial statements, certain subsidiaries of the Company have been deconsolidated from the Group since 1 January 2016. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the aforesaid subsidiaries on 1 January 2016. Accordingly we were unable to satisfy ourselves as to the loss on deconsolidation of the subsidiaries and the impairment on investment costs and amounts due from deconsolidated subsidiaries of approximately HK\$238,905,000 for the year ended 31 December 2016 as disclosed in note 12 to the consolidated financial statements.

6. *Borrowings*

No sufficient evidence has been provided to satisfy ourselves, in relation to the existence, rights and obligations and valuation of the borrowings of approximately HK\$34,881,000 as at 31 December 2016.

7. *Discontinued Operations*

The Group did not present certain deconsolidated subsidiaries' operations as discontinued operations which is not in accordance with Hong Kong Financial Reporting Standard 5 "Non-current Assets Held for Sale and Discontinued Operations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

8. *Related party transactions and balances*

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 31 December 2015 and the balances as at those dates as required by Hong Kong Accounting Standard 24 (Revised) “Related Party Disclosures”.

9. *Going Concern*

We draw attention to note 1 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$1,442,449,000 for the year ended 31 December 2016 and as at 31 December 2016 the Group has net current liabilities and net liabilities of approximately HK\$210,895,000 and HK\$454,698,000 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 consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Any adjustments to the figures as described from points 1 to 8 above might have a significant consequential effect on the Group’s results and cash flows for the years ended 31 December 2016 and 2015 and the financial positions of the Group as at 31 December 2016 and 2015, and the related disclosures thereof in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year of 2016, the Group has engaged in business and reportable segment as follows:

(i) Car rental

As disclosed in the paragraph headed “Acquisition of Gear World” below, the completion of the Acquisition of Gear World (as defined below) took place on 31 August 2016. Since then, the Group engages in (i) shuttle bus services for employees/students of institutional customers between the working places/schools to different residential communities by conventional energy vehicles and/or electric buses; (ii) car rental services; and (iii) car rental services for different business and leisure purpose such as pick-up services requested by the institutional or individual customers.

(ii) 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 PRC.

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

(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 year of 2016.

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.

(iv) 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 year of 2016.

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”), which are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), 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 Listing Rules and is therefore subject to the notification and announcement requirements of the Rules Governing the Listing of Securities on the Stock Exchange (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.

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 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”). 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*)(“TMTC”) and 北京天馬通馳旅遊客運有限公司 (Beijing Tian Ma Tong Chi Travel Transportation Co., Ltd*) (“TMTC Travel”, together with “Gear World” and “TMTC”, the “TMTC Group”) became an indirect wholly-owned subsidiary and a 49%-owned associate of the Company respectively.

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 HK\$200,000,000 was settled by cash of HK\$60,000,000 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.

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 New Electric Buses

On 9 December 2016, TMTC, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 北京開沃汽車銷售有限公司 (the “Supplier”) to purchase 100 units of new electric buses (the “Vehicles”) from the Supplier at an aggregate consideration of RMB67.8 million (equivalent to approximately HK\$76.7 million).

Under the above sale and purchase agreement, the unit price of the Vehicle is RMB1,678,000 and the aggregate subsidies provided by the government at the national and municipal levels for electric bus purchases in Beijing amounting to RMB1,000,000 each. As such, the net purchase price of the Vehicle is RMB678,000 each.

These transaction could speed up the process of replacing conventional energy vehicles into new energy vehicles, which enable TMTC to reduce its procurement cost and operational cost per vehicle, and also expand the market share of car rental services and tour bus services of TMTC. The Vehicles were put into service in 2017. Relevant disclosure of the transaction may refer to the announcement of the Company dated 9 December 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.

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 1 of notes 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

The revenue of the Group was decreased from approximately HK\$77.8 million for the year ended 31 December 2015 to approximately HK\$51.7 million for the year ended 31 December 2016, representing a decrease of approximately 33.5%. Nevertheless, the gross profit of the Group was decreased from approximately HK\$24.9 million for the year ended 31 December 2015 to approximately HK\$19.2 million for the year ended 31 December 2016, representing a decrease of approximately 22.5%, but the gross profit margin increased from approximately 31.9% for the year ended 31 December 2015 to approximately 37.2% for the year ended 31 December 2016.

The cost of sales decreased from approximately HK\$53.0 million for the year ended 31 December 2015 to approximately HK\$32.5 million for the year ended 31 December 2016, representing a decrease of approximately 38.7%.

In addition, the Group recorded an increase in loss for the year from approximately HK\$133.4 million for the year ended 31 December 2015 to approximately HK\$1,442.4 million for the year ended 31 December 2016, representing an increase in loss of approximately 981.6%, which was primarily attributable to the increase in (i) provision of prepayment amounted to approximately HK\$193.7 million, (ii) reversal of impairment losses on property, plant and equipment, (iii) impairment losses on goodwill of approximately HK\$791.1 million, (iv) impairment loss on intangible assets amounted to HK\$77.0 million, (v) impairment losses on trade receivables approximately HK\$0.8 million, (vi) impairment losses on interests in associates amounted to approximately HK\$208.9 million, and (vii) loss on deconsolidation of subsidiaries amounted to approximately HK\$238.9 million.

The non-current assets were decreased by HK\$612.1 million from HK\$777.5 million as at 31 December of 2015 to HK\$165.3 million as at 31 December 2016. The rest of property, plant and equipment in non-current asset were disposed, impaired or deconsolidated during the year 2016. Therefore, the property, plant and equipment representing 100% of total non-current assets as at 31 December 2016.

The increase in carrying amount of property, plant and equipment amounted to HK\$104.0 million was result from the acquisition of TMTC Group that brought motor vehicle and trucks with cost of HK\$151.6 million, additions of property, plant and equipment with cost of approximately HK\$1.9 million, deconsolidation of subsidiaries with carrying amount of property, plant and equipment of approximately HK\$1.3 million, depreciation charged for the year ended 31 December 2016 amounted to HK\$17.8 million, disposal of property, plant and equipment and exchange differences.

The current asset of the Group decreased from approximately HK\$1,105.3 million as at 31 December 2015 to approximately HK\$303.2 million as at 31 December 2016 which were mainly due to the deconsolidation of subsidiaries and impairment of trade receivables and prepayments, deposits and other receivables, bonds mature for redemption in April 2016, decrease in pledged bank deposits and bank and cash balances.

On the other hand, the current liabilities of the Group were decreased from approximately HK\$655.1 million as at 31 December 2015 to approximately HK\$514.1 million as at 31 December 2016. The decreased were results from the decrease in trade payables due to the deconsolidation of subsidiaries, repayment of borrowings and current portion of non-convertible bonds, although there were increase in current liabilities by (i) an increase of other payables and accruals, convertible bonds and finance lease payables, and (ii) fair value gain of derivative instruments.

The convertible bonds, non-convertible bonds and finance lease payables consists of non-current and current liabilities as at 31 December 2016. (i) On 31 August 2016, the convertible bonds were increased by the Company with liability component of approximately HK\$106.1 million or the principal amount of HK\$140 million (the “TMCB1”) which bear interest rate of 3% per annum as part of the consideration for the Acquisition of Gear World. The interest charge on convertible bonds for the year of HK\$16.0 million also made an increase in convertible bonds after part of other convertible bonds were converted into shares amounted to approximately HK\$9.5 million. (ii) During the year, the Company issued twelve (2015:seven) 6% non-convertible bonds with a nominal value of HK\$90.5 million (2015: HK\$96,220,000). Interest charged of non-convertible bonds during the year amounted to approximately HK\$10.7 million. After repayment of approximately HK\$255.0 million during the year, the total non-convertible bonds were decreased from HK\$254.8 million as at 31 December 2015 to HK\$100.9 million as the 31 December 2016. (iii) Addition finance lease payables were brought by the Acquisition of Gear World and motor vehicles with carrying amount amounted to HK\$130.0 million were pledged accordingly. Therefore, there are significant increase in finance lease payables during the year, which increased from HK\$3.5 million as at 31 December 2015 to HK\$217.4 million as the 31 December 2016.

CAPITAL STRUCTURE

As at 31 December 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 year ended 31 December 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 31 December 2016, the cash and bank balances of the Group amounted to approximately HK\$112.5 million (31 December 2015: HK\$420.9 million), in which of HK\$65 million deposit 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.

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 31 December 2016, the Group had current assets of approximately HK\$303.2 million (2015: HK\$1,105.3 million), while its current liabilities were approximately HK\$514.1 million (2015: HK\$655.1 million). The current ratio of the Group was approximately 0.6 times (2015:1.7 times) and gearing ratio (total debt/total equity) was nil (2015: 0.6 times).

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK\$112.5 million (2015: HK\$420.9 million). During the year, 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\$124.1 million.

Issue of Non-convertible Bonds

During the year ended 31 December 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 Bonds. The Bonds 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 year ended 31 December 2016, the majority of the Group's income and expenses were denominated in Renminbi ("RMB") and Hong Kong dollars. Up to 31 December 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 year ended 31 December 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 31 December 2016, the Group had 575 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 of the Company. There has been no major change in staff utilized policies during the year ended 31 December 2016.

BORROWINGS

As at 31 December 2016, the Group recorded borrowings of approximately HK\$217.5 million (31 December 2015: HK\$251.8 million), in which approximately HK\$61.8 million (31 December 2015: HK\$225.2 million) was a loan from financial institutions or restricted licence bank and HK\$65 million (31 December 2015: HK\$237.5 million) was secured by pledged bank deposit.

CAPITAL COMMITMENTS

As at 31 December 2016, the capital commitments of the Group was approximately HK\$78.8 million. The capital commitments were mainly related to contracted but not yet provided for the acquisition of property, plant and equipment. As at 31 December 2015, the capital commitments of the Group were approximately HK\$25.5 million.

CHARGE ON GROUP ASSETS

As at 31 December 2016, the Group pledged property, plant and equipment with the net carrying account of approximately HK\$133.0 million (2015: HK\$3,625,000) to secure the finance lease payables of approximately HK\$217.3 million (2015: HK\$3,507,000) and the bank loan of approximately HK\$61.8 million (2015: HK\$225.2 million) was secured by a charge over the Group's pledged bank deposits of approximately HK\$65.0 million (2015: HK\$237.5 million).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had contingent liabilities as possible claims arising from indemnity related to a former subsidiary of approximately HK\$7,092,000, 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 31 December 2016 as the claims are remote as advised by the PRC legal adviser.

EVENT AFTER THE REPORTING PERIOD – SUSPENSION OF TRADING OF SHARES

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.

OUTLOOK

As commuter bus leasing market (the “Market”) in the PRC with a steady growth in recent years, the Board expects the Market would be stable in the foreseeable future, specially the Market located in Beijing and regions without mass transit alternatives.

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

Under the challenging economic situation in the PRC, the Group currently has committed simplifying group structures not only to enhance efficiency on executive and administrative hierarchy but also to put existing resources in generate profit in priority. The Group’s suppliers, customers and operating activities mainly situated in the PRC. The domestic economic changes would affect the business of the Group. The current situation of global trading issue may not directly affect the Group’s business. However, any adverse changes of economic in the PRC in any financially significant export/import industry, the domino effect would finally bring the negative result to the Group in long run, since the income from TMTC Group 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.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Company has adopted the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Based on the information available to the current Board, the Company appeared to comply with the relevant code provisions set out in the CG Code except for the deviations explained below during the year ended 31 December 2016.

The code provisions	Reasons for the non-compliance and improvement actions taken or to be taken
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A.2.1	Since Mr. Yang Fan resigned as chairman of the Board (the “Chairman”) on 19 May 2015, the Company had not appointed any individual to take up the post of the Chairman and role and functions of Chairman have been performed by all the executive Directors collectively until the appointment of Mr. Ji Kaiping as the Chairman on 29 November 2018.
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Up to the date of this announcement, the Company has not appointed a chief executive officer and role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.

A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code since suspension in trading of the Shares with effect from 1 August 2016.
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The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.

A.6.5 Based on the information available, the current Board are not able to confirm whether the Company had updated all the then Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices, and whether the then Directors had participated in any training for the year ended 31 December 2016.

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 year ended 31 December 2016.

C.2.1 and C.2.5 The Company did not conduct an annual review on the effectiveness of the risk management and internal control systems of the Group, and the need for an internal audit function for the year ended 31 December 2016.

Given most of the current Directors become members of the Board since 2018, the Board is not in a position to review and confirm the effectiveness of the risk management and internal control systems of the Group, and the need for an internal audit function for the year ended 31 December 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (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 year ended 31 December 2016.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the year ended 31 December 2016.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with the CG Code. As at the date of this announcement, 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 Group's consolidated financial statements for the year ended 31 December 2016 have been reviewed by the Audit Committee.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the year ended 31 December 2016 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.nur.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING OF THE SHARES

Trading in the Shares 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.

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

Hong Kong, 9 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.

* *For identification purpose only*