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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "**Board**") of directors (the "**Directors**") of National United Resources Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") announces the unaudited condensed consolidated results of the Company for the six months ended 30 June 2018.

This announcement, containing the full text of the 2018 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in relation to information to accompany preliminary announcements of interim results.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Director

Mr. An Jingwen

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Ji Kaiping
Ms. Chan Pui Shan, Bessie

LEGAL ADVISOR

Baker & McKenzie

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY WEBSITE

www.nur.com.hk

STOCK CODE

254

RESULTS

The board (the "Board") of directors (the "Directors") of National United Resources Holdings Limited (the "Company") hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018 (the "Current Period").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (unaudited)	 2017 HK$'000 (unaudited)
Revenue	5	**27,690**	30,113
Cost of sales		**(5,888)**	(15,776)
Gross profit		**21,802**	14,337
Other income	6	**17**	3,245
Administrative and other operating expenses		**(9,503)**	(107,205)
Profit/(loss) from operations		**12,316**	(89,623)
Finance cost	7	**(26,522)**	(27,813)
Fair value loss of derivative instruments		**–**	(276)
Impairment losses on intangible assets		**–**	(497)
Loss before tax		**(14,206)**	(118,209)
Income tax expense	8	**–**	–
Loss for the period	9	**(14,206)**	(118,209)
Attributable to:			
Owners of the Company		**(13,711)**	(112,725)
Non-controlling interests		**(495)**	(5,484)
		(14,206)	(118,209)
Loss per share attributable to owners of the Company			
– Basic (HK cents per share)	11	**(0.21)**	(1.76)
– Diluted (HK cents per share)		**(0.21)**	(1.76)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June	
		2018	2017
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Loss for the period	9	**(14,206)**	(118,209)
Other comprehensive loss:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**12,274**	(5,523)
Total comprehensive loss for the period		**(1,932)**	(123,732)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(1,240)**	(118,207)
Non-controlling interests		**(692)**	(5,525)
		(1,932)	(123,732)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	**As at 30 June 2018 HK$'000**	As at 31 December 2017 HK$'000
Non-current assets			
Property, plant and equipment	12	**173,445**	189,355
		173,445	189,355
Current assets			
Trade receivables	13	**415**	438
Prepayments, deposits and other receivables	14	**188,300**	165,446
Bank and cash balances		**1,718**	6,580
		190,433	172,464
Current liabilities			
Trade payables	15	**38,590**	38,605
Other payables and accruals	16	**250,597**	248,199
Borrowings	21	**159,035**	167,240
Convertible bonds	18	**215,421**	198,920
Non-convertible bonds	19	**90,500**	90,352
Finance lease payables	17	**77,181**	53,284
Tax payable		**22,395**	23,276
		853,719	819,876
Net current liabilities		**(663,286)**	(647,412)
Total assets less current liabilities		**(489,841)**	(458,057)

	Notes	**As at 30 June 2018 HK$'000**	As at 31 December 2017 HK$'000
Non-current liabilities			
Finance lease payables	17	**107,446**	137,298
		107,446	137,298
NET LIABILITIES		**(597,287)**	(595,355)
Capital and reserves			
Share capital	20	**3,178,754**	3,178,754
Reserves		**(3,776,350)**	(3,775,110)
Equity attributable to owners of the Company		**(597,596)**	(596,356)
Non-controlling interests		**309**	1,001
TOTAL EQUITY		**(597,287)**	(595,355)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Share capital	Share-based payment reserve	Equity component of convertible bonds	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2017 (audited)	3,178,754	34,313	60,141	1,195	(3,736,049)	(461,646)	6,949	(454,697)
Loss for the period	–	–	–	–	(112,725)	(112,725)	(5,484)	(118,209)
Other comprehensive loss for the period	–	–	–	(5,482)	–	(5,482)	(41)	(5,523)
Total comprehensive loss for the period	–	–	–	(5,482)	(112,725)	(118,207)	(5,525)	(123,732)
Equity component of convertible bonds	–	–	1,936	–	–	1,936	–	1,936
Lapsed of share options	–	(15,641)	–	–	15,641	–	–	–
At 30 June 2017 (unaudited)	3,178,754	18,672	62,077	(4,287)	(3,833,133)	(577,917)	1,424	(576,493)
At 1 January 2018 (audited)	3,178,754	14,028	62,077	(4,418)	(3,846,797)	(596,356)	1,001	(595,355)
Loss for the period	–	–	–	–	(13,711)	(13,711)	(495)	(14,206)
Other comprehensive income/(loss) for the period	–	–	–	12,471	–	12,471	(197)	12,274
Total comprehensive income/(loss) for the period	–	–	–	12,471	(13,711)	(1,240)	(692)	(1,932)
Lapsed of share options	–	(14,028)	–	–	14,028	–	–	–
At 30 June 2018 (unaudited)	3,178,754	–	62,077	8,053	(3,846,480)	(597,596)	309	(597,287)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	**1,117**	(28,130)
Cash flows from investing activities		
Interest received	**3**	142
Purchases of property, plant and equipment	**(248)**	–
Net cash inflow arising on disposal of a subsidiary	**–**	2,123
Proceeds from disposal of property, plant and equipment	**–**	10,498
Net cash (used in)/generated from investing activities	**(245)**	12,763
Cash flows from financing activities		
Proceeds from new borrowing	**–**	11,562
Repayment of borrowings	**–**	(61,777)
Repayment of non-convertible bonds	**–**	(11,000)
Repayment of finance lease payables	**(12,865)**	(26,312)
Net cash used in financing activities	**(12,865)**	(87,527)
Net decrease in cash and cash equivalents	**(11,993)**	(102,894)
Effect of foreign exchange rate changes	**7,131**	(7,525)
Cash and cash equivalents at beginning of period	**6,580**	112,457
Cash and cash equivalents at end of period	**1,718**	2,038
Analysis of cash and cash equivalents		
Bank and cash balances	**1,718**	2,038

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

The financial information relating to the financial year ended 31 December 2017 that is included in this interim report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company will deliver the financial statements for the year ended 31 December 2017 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

Going concern

The Group incurred a loss of approximately HK$14,206,000 for the six months ended 30 June 2018 and as at 30 June 2018 the Group had net current liabilities of approximately HK$663,286,000 and net liabilities of approximately HK$597,287,000 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: 山東創先投資咨詢有限公司）
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

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 ("Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

These unaudited condensed financial statements should be read in conjunction with the Group's 2017 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2017 except as stated below.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

– the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

– the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior periods.

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

4. OPERATING SEGMENT INFORMATION

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

(i) car rental – provision of car rental services

(ii) online platform – provision of online platform for the trading and deferred spot delivery services of precious metals

(iii) resources trading – trading of coking coal

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

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

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

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

There were no inter-segment sales in the current period (Six months ended 30 June 2017: Nil).

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

	Car rental six months ended 30 June		Online platform Six months ended 30 June		Resource trading Six months ended 30 June		Total Six months ended 30 June	
	2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)	**2018 HK$'000 (unaudited)**	2017 HK$'000 (unaudited)	**2018 HK$'000 (unaudited)**	2017 HK$'000 (unaudited)	**2018 HK$'000 (unaudited)**	2017 HK$'000 (unaudited)
Segment revenue								
Revenue from external customers	**27,690**	**15,488**	**–**	**14,625**	**–**	**–**	**27,690**	**14,625**
Segment results	**19,578**	**(14,266)**	**720**	**(14,266)**	**(3,760)**	**(37,565)**	**15,098**	**(66,097)**
Interest income on bank deposits							**3**	**142**
Other income							**14**	**3,103**
Unallocated expenses							**(2,799)**	**(26,771)**
Profit/(loss) from operations							**12,316**	**(89,623)**
Finance cost							**(26,522)**	**(27,813)**
Fair value gain of derivative instruments							**–**	**(276)**
Impairment losses on intangible assets							**–**	**(497)**
Loss before tax							**(14,206)**	**(118,209)**
Income tax expense							**–**	**–**
Loss for the period							**(14,206)**	**(118,209)**

	Car rental		Online platform		Resource trading		Total	
	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (unaudited)	**At 30 June 2018 HK$'000 (unaudited)**	At 31 December 2017 HK$'000 (unaudited)	**At 30 June 2018 HK$'000 (unaudited)**	At 31 December 2017 HK$'000 (audited)	**At 30 June 2018 HK$'000 (unaudited)**	At 31 December 2017 HK$'000 (audited)
Segment assets	**209,160**	231,020	**5,032**	6,363	**104,542**	96,124	**318,374**	333,507
Unallocated assets							**45,144**	28,312
Total assets							**363,878**	361,819
Segment liabilities	**(333,585)**	(346,546)	**(1,541)**	(1,692)	**(74,549)**	(74,549)	**(409,675)**	(422,787)
Unallocated liabilities							**(551,490)**	(534,387)
Total liabilities							**(961,165)**	(957,174)

(b) Geographical information

(i) Revenue from external customers

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
PRC	**27,690**	30,113
Mongolia	**–**	–
	27,690	30,113

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

(ii) Non-current assets

	At 30 June 2018	At 31 December 2017
	HK$'000	HK$'000
	(unaudited)	(audited)
PRC	**168,281**	183,361
Mongolia	**5,164**	5,994
	173,445	189,355

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

(c) Information about major customers

Revenue from operations of HK$26,788,000 (Six months ended 30 June 2017: HK$11,295,000) was derived from one customer in rental income from car rental segment which individually contributed 10% or more to the Group's revenue for the six months ended 30 June 2018.

5. REVENUE

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

	Six months ended 30 June	
	2016 **HK$'000** **(unaudited)**	2015 HK$'000 (unaudited)
Car rental income	**27,690**	15,488
Online trading service fee income	**–**	14,625
	27,690	30,113

6. OTHER INCOME

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Bank interest income	**3**	142
Net foreign exchange gain	**–**	1,321
Gain on disposal of a subsidiary	**–**	942
Sundry income	**14**	840
	17	3,245

7. FINANCE COST

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest expenses on borrowings		
– interest on convertible bonds	**16,501**	16,292
– interest on non-convertible bonds	**2,981**	3,356
– interest on finance lease	**6,910**	7,667
– interest on bank borrowings	**–**	400
– interest on other borrowings	**130**	98
	26,522	27,813

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the law of PRC on Enterprise Income Tax, the applicable income tax rate of the Group's subsidiaries in the PRC is 25% (2017: 25%).

9. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Directors' remuneration	**1,289**	355
Other staff salaries and benefits	**662**	2,567
Contributions to retirement benefit schemes	**34**	133
Total employee benefit expense	**1,985**	3,055
Depreciation	**6,551**	5,542

10. DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

The calculation of basic loss per share amount attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK$13,711,000 (2017: HK$112,725,000) and the weighted average number of ordinary shares of 6,411,770,550 (2017: 6,411,770,550) in issue during the period.

Diluted loss per share

No diluted loss per share for the six months ended 30 June 2018 and 2017 is presented as the effects of all convertible bonds and options are anti-dilutive for the period.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, property, plant and equipment approximately of HK$248,000 was acquired by the Group (six months ended 30 June 2017: HK$nil).

During the six months ended 30 June 2018, property, plant and equipment approximately of HK$nil was disposed by the Group (six months ended 30 June 2016: HK$11,977,000).

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

13. TRADE RECEIVABLES

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

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

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Within 30 days	**415**	438
Over 1 year	**770**	770
Less: Impairments	**(770)**	(770)
	415	438

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Amount due from associates	52,994	26,913
Other receivables	5,843	4,913
Guarantee deposit for finance lease payables	32,709	34,566
Paid in advance	216,083	216,083
Prepayments and deposits	7,054	9,354
	314,683	291,829
Impairment	(126,383)	(126,383)
	188,300	165,446

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Over 1 year	38,590	38,605
	38,590	38,605

16. OTHER PAYABLES AND ACCRUALS

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Other payables	**207,293**	205,764
Receipt in advance	**35,864**	35,215
Accruals	**7,440**	7,220
	250,597	248,199

17. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 2 years (31 December 2017: 3 years). The effective borrowing rates were ranging from 6.4% to 7.3% (31 December 2017: 6.4% to 7.3%) per annum. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2018 HK$'000 (unaudited)	As at 31 December 2017 HK$'000 (audited)	**As at 30 June 2018 HK$'000 (unaudited)**	As at 31 December 2017 HK$'000 (audited)
Within one year	**80,375**	64,159	**77,181**	53,284
In the second year	**50,424**	54,753	**44,378**	46,815
In the third to fifth year, inclusive	**72,234**	96,885	**63,068**	90,483
	203,033	215,797	**184,627**	190,582
Future finance charges	**(18,406)**	(25,215)	**N/A**	N/A
Present value of lease obligations	**184,627**	(190,582)	**184,627**	190,582
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(77,181)**	(53,284)
Non-current portion			**107,446**	**137,298**

18. CONVERTIBLE BONDS

On 27 October 2015, the Company issued a convertible bonds in the principal amount of HK$65,735,900 which bear interest rate of 4.5% per annum (the "2015CB"). The 2015CB is convertible into ordinary shares of the Company within 24 months from the date of issue at a conversion price of HK$0.265 per conversion share (subject to adjustment), and a maximum of 248,060,000 conversion shares can be issued. At 30 June 2018, the outstanding principal amount are HK$26,500,000.

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

On 6 September 2016, the Company issued a convertible bonds in the principal amount of HK$140,000,000 (the "TMCB1") which bear interest rate of 3% per annum as part of the consideration for the acquisition of 100% equity interest in the entire issued share capital of Gear World Development Limited. The TMCB1 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 30 June 2018, the outstanding principal amount are HK$140,000,000.

On 31 March 2017, the Company issued a zero-coupon convertible bonds in the principal amount of HK$13,220,218 (the "QDCB2") as part of the consideration for the acquisition of 70% equity interest in the entire issued share capital of Million Fortune International Investment Limited. The QDCB2 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK$0.40 per conversion share (subject to adjustment), and a maximum of 33,050,045 conversion shares can be issued. All the QDCB2 will be redeemed by the Company at par on 30 March 2020. At 30 June 2018, the outstanding principal amount are HK$13,220,018.

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

	HK$'000
Liability component	
At 1 January 2017 (audited)	157,968
At date of issue	8,340
Interest charged	32,612
At 31 December 2017 and 1 January 2018 (audited)	198,920
Interest charged	16,501
Liability component at 30 June 2018 (unaudited)	215,421

19. NON-CONVERTIBLE BONDS

The Bonds are redeemable at the discretion of the Company at 100% of the principal amount of such Bonds together with payment of interests accrued up to date of such early redemption by serving at least ten calendar days written notice at any time before the maturity date. The Bonds will be redeemed on the date immediately following twelve to twenty-four months after the first date of issue of the Bonds. The Bonds carry interest at a rate of 6% per annum, which is payable annually in arrears.

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
At beginning of the period/year	**90,352**	100,855
Repayment	**–**	(11,000)
Interest charged	**2,981**	6,566
Interest payable classify to other payables	**(2,833)**	(6,069)
At the end of the period/year	**90,500**	90,352

20. SHARE CAPITAL

	As at 30 June 2018 HK$'000 (unaudited)	As at 31 December 2017 HK$'000 (audited)
Issued and fully paid:		
6,411,770,500 (2017: 6,411,770,500) ordinary shares	**3,178,754**	3,178,754

21. BORROWINGS

	As at 30 June 2018 HK$'000 (unaudited)	As at 31 December 2017 HK$'000 (audited)
Other loans	**159,035**	167,240

All borrowings are repayable on demand or within one year.

22. CONTINGENT LIABILITIES

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

	As at 30 June 2018 HK$'000 (unaudited)	As at 31 December 2017 HK$'000 (audited)
Indemnity related to a former subsidiary (note 23(b))	**6,920**	7,313

23. PENDING LITIGATIONS AND ARBITRATION CASE

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

(a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the Directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an amended Writ of Summons was served on the Company by the lender of the Group to clarify that the individual third party acted as an agent of the lender. The Directors instructed the lawyer of the Company to handle this matter. The loan advanced by the lender of HK$1,523,000 together with interest and penalty of HK$1,149,000, totaling of approximately HK$2,672,000, were accrued in the financial statements (included in other borrowings and other payables and accruals respectively) and has not yet been settled as at 30 June 2018.

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

(b) According to an agreement entered into by the Company, two of its subsidiaries and two independent third parties in February 2003, the Group disposed of a subsidiary, World Giant Limited ("World Giant"), a company engaged in property investment in the PRC. In this connection, the Company has undertaken to indemnify World Giant for, among others, any increase in the liabilities of World Giant as a result of any claim for taxation arising from any transactions effected on or before the completion date of the disposal. In October 2004, World Giant received a payment request from the PRC tax authority in respect of PRC property taxes relating to the property held by World Giant, including the late payment surcharge levied by the tax authority, of which approximately an amount of RMB6,100,000 related to transactions on or before the completion date. The existing management of World Giant had indicated to the Directors that the amount in respect of transactions on or before the completion date should be paid by the Company.

In February 2005, a Writ of Summons was served on the Company demanding the payment of approximately RMB6,100,000. However, such amounts were covered by the amount accrued in the financial statements of World Giant at the time of disposal.

Accordingly, in the opinion of the Directors and having obtained an opinion from the Company's lawyer, the Group has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved of approximately RMB6,100,000, equivalent to approximately HK$6,920,000 (31 December 2017: HK$7,313,000), has been shown as contingent liabilities in note 22 to the consolidated financial statements.

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

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

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

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

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

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

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

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

(e) On 15 January 2016, 北京市密雲縣勞動人事爭議仲裁院 (the Labour Dispute Arbitration Committee of Miyun County, Beijing City*) ruled that 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd*) ("TMTC") shall pay a compensation amount of RMB560,727 to the applicants in respect of an employee's death caused during the course of the employment and TMTC shall also pay the applicants an dependant pension on a monthly basis. TMTC has made an appeal against the arbitration decision to the People's Court of Miyun County, Beijing City which was rejected on 27 June 2016. TMTC had settled the compensation amount on 13 October 2016.

* *For identification purpose only*

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

24. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Car rental income received from an associate	**26,788**	11,295

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short term employee benefits	**1,289**	355

25. EVENTS AFTER THE REPORTING PERIOD

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

(i) Car rental

The Group engages in (i) shuttle bus services for employees/students of institutional customers between the working places/schools to different residential communities by conventional energy vehicles and/or electric buses; (ii) car rental services without chauffeured service; and (iii) car rental services for different business and leisure purpose such as pick-up services requested by the institutional or individual customers. The revenue from this business has been recorded since September 2016. The total revenue was increased for the six months period ended 30 June 2018 due to the increment in the number of buses leased.

(ii) Online platform

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

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

(iii) Resources trading

The Group had diversified its resources and business to trading of coking coal. The Group encountered downward trend for the past few years in this business segment. 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.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS HELD

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2018 and did not have any significant investments held as at 30 June 2018.

FINANCIAL REVIEW

Revenue

The Group's overall revenue decreased from approximately HK$30.1 million for the six months ended 30 June 2017 to approximately HK$27.7 million for the six months ended 30 June 2018, representing a decrease of approximately 8.0%.

The revenue from car rental business amounted to HK$27.7 for the Current Period, representing an increase of approximately HK$12.2 million or 78.8%. The car rental business generated gross profit with 78.7% and 54.3% for the six months ended 30 June 2018 and 2017.

There is no revenue from the online platform business for the six months ended 30 June 2018 due to the termination of operation during the first half of the year 2017.

There is no revenue from the resources trading business for the six months ended 30 June 2018 and 2017 as the coal market continued to diminish and coal price remained at a low level due to ongoing sluggish demand and the stricter environmental protection governance.

Cost of sales

The Group's cost of sales decreased from approximately HK$15.8 million for the six months ended 30 June 2017 to approximately HK$5.9 million for the Current Period, representing a decrease of approximately 62.7%. The decrease in cost of sales of the Group greater than the decrease in revenue in integrated due to the better performance of car rental business and no cost of sales occurred from other business during the Current Period.

Gross profit

The Group's gross profit amounted to approximately HK$21.8 million and approximately HK$14.3 million for the six months ended 30 June 2018 and 2017 respectively, representing an increase of approximately 52.1%. The increase was mainly due to the effective cost control and increment in the number of vehicles leased by the car rental business.

Administrative and other operating expenses

Administrative and other operating expenses were approximately HK$9.5 million and HK$107.2 for the six months ended 30 June 2018 and 2017 respectively, representing a decrease of HK$97.7 million or 91.1%.

There is the decrease in provision of depreciation in administrative and other operating expenses, from approximately HK$1.3 million for the corresponding period in 2017 to approximately HK$1.1 million for the Current Period, The cost of staff was decreased by approximately HK$1.1 million from approximately HK$3.1 million for the corresponding period in 2017 to approximately HK$2.0 million for the Current Period. The decrease in cost of staff was due to the decrease in number of staffs or officers with higher paid staffs in the Current Period.

Finance cost

Finance cost of the Group for the Current Period amounted to approximately HK$26.5 million, including interest charged on convertible bonds, non-convertible bonds, finance lease and other borrowings. Interest charged on convertible bonds were most significant finance cost, amounted to approximately HK$16.5 million for the Current Period and represented an increase of 1.2% compared to the corresponding period in 2017.

Loss attributable to the owners of the Company

As a result of the aforesaid, the loss for period and loss attributable to the owners of the Company was approximately HK$14.2 million and HK$13.7million for the Current Period respectively. The loss for the period and loss attributable to the owners of the Company was approximately HK$118.2 million and HK$112.7 for the corresponding period in 2017.

CAPITAL STRUCTURE

As at 30 June 2018, the issued share capital of the Company was HK$3,178,754,000 divided into 6,411,770,500 shares (the "Shares").

During the Current Period, the Group finance its operations by cash flow from operating activities. As at 30 June 2018, the cash and bank balances of the Group amounted to approximately HK$1.7 million (31 December 2017: HK$6.6 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group had current assets of approximately HK$190.4 million (31 December 2017: HK$172.5 million), while its current liabilities were approximately HK$848.0 million (31 December 2017: HK$819.9 million). The current ratio of the Group was approximately 0.2 times (31 December 2017: 0.2 times) and gearing ratio (total debt/total equity) was nil (31 December 2017: nil).

As at 30 June 2018, the Group had cash and cash equivalents of approximately HK$1.7 million (31 December 2017: HK$6.6 million).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2018, the majority of the Group's income and expenses were denominated in Renminbi ("RMB") and Hong Kong dollars. Up to 30 June 2018, the management of the Company was of the opinion that the Group has insignificant exposure to foreign exchange risk. As a result, the Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the six months ended 30 June 2018. Nevertheless, the management of the Company will closely monitor and from time to time reassess the exchange risk exposures of the Group and enter into non-speculative hedging arrangements if considered necessary.

EMPLOYEE INFORMATION

As at 30 June 2018, the Group had 782 employees (including Directors) in Hong Kong and the PRC (31 December 2017: 692 employees). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire shares of the Company. There has been no major change in staff utilized policies during the Current Period.

BORROWINGS

As at 30 June 2018, the Group recorded borrowings of approximately HK$159.0 million (31 December 2017: HK$167.2 million) and no bank loans. All borrowings are repayable on demand or within the year.

CAPITAL COMMITMENTS

The Group had no significant capital commitments outstanding as at 30 June 2018.

CHARGE ON GROUP ASSETS

As at 30 June 2018, the Group pledged property, plant and equipment with the net carrying account of approximately HK$112.6 million to secure the finance lease payables of approximately HK$184.6 million. As at 31 December 2017, the Group pledged property, plant and equipment with the net carrying account of approximately HK$122.8 million to secure the finance lease payables of approximately HK$190.6 million.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had contingent liabilities as possible claims arising from indemnity related to a former subsidiary of approximately HK$6,920,000 being equivalent to RMB6,100,000 (31 December 2017: HK$7,313,000 being equivalent to RMB6,100,000). In the opinion of management of the Company, it is not necessary for recording any provisions for the above contingent liabilities as at 30 June 2018.

EVENTS 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

OUTLOOK

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

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

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

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

* *For identification purpose only*

OTHER INFORMATION

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

As at 30 June 2018, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

SHARE OPTION SCHEMES

2002 Share Option Scheme

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

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

Details of the movement in the share options granted under the 2002 Share Option Scheme during the period are as follows:

		Number of share options						
Name of category/ participant	Date of grant	Outstanding as at 1 January 2018	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2018	Exercise period	Exercise price per share option
Business associates								
In aggregate	27 June 2008	7,761,905	–	–	(7,761,905)	–	–	–
Total		7,761,905	–	–	(7,761,905)	–		

2012 Share Option Scheme

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

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

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

There was no outstanding share options granted under the 2012 Share Option Scheme throughout the six months ended 30 June 2018 and as at 30 June 2018.

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

At 30 June 2018, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

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

Notes:

1. The number of underlying shares of the Company held includes the maximum number of conversion shares to be issued upon full exercise of the conversion rights attaching to the 3% coupon convertible bonds issued by the Company to the vendors as partial settlement of the consideration pursuant to the sale and purchase agreement dated 15 January 2016. Please refer to the Company's announcements dated 15 January 2016, 30 March 2016, 31 May 2016, 24 June 2016, 18 July 2016, 31 August 2016, 14 February 2017 and 22 February 2017, and the Company's circular dated 30 June 2016 for details of the acquisition.

2. Based on the notice of disclosure of interest of Blissful Elite Limited and Ji Sen each filed with the Stock Exchange on 13 May 2016, these underlying shares held by Blissful Elite Limited, which is wholly-owned by Ji Sen. Under Part XV of the SFO, Ji Sen is interested in these 933,333,332 underlying shares in which Blissful Elite Limited is interested.

3. Based on the notice of disclosure of interest of Nation Spirit Limited and Gu Baorong each filed with the Stock Exchange on 13 May 2016, these underlying shares held by Nation Spirit Limited, which is wholly-owned by Gu Baorong. Under Part XV of the SFO, Gu Baorong is interested in these 933,333,333 underlying shares in which Nation Spirit Limited is interested.

4. Based on the notice of disclosure of interest of Upper Target Limited and Liu Zidong each filed with the Stock Exchange on 12 May 2016, these shares held by Upper Target Limited, which is wholly-owned by Liu Zidong. Under Part XV of the SFO, Liu Zidong is interested in these 596,900,000 shares of the Company in which Upper Target Limited is interested.

5. Based on the notice of disclosure of interest of Elite Fortune Global Limited and Wang Yi each filed with the Stock Exchange on 10 March 2016, these shares held by Elite Fortune Global Limited, which is wholly-owned by Wang Yi. Under Part XV of the SFO, Wang Yi is interested in these 585,533,845 shares of the Company in which Elite Fortune Global Limited is interested.

Save as disclosed above, as at 30 June 2018, no person had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of Shares in or debenture of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the six months ended 30 June 2018.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2018.

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. During the six months ended 30 June 2018, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations explained below.

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

The code provisions	**Reasons for the non-compliance and improvement actions took or to be taken**
	Up to the date of this interim report, the Company has not appointed a chief executive officer and role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.
A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code since suspension in trading of the Company's shares with effect from 1 August 2016. The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.
A.5.1	Due to insufficient number of independent non-executive Directors and the vacancy of the office of the Chairman, the composition of the nomination committee of the Company (the "Nomination Committee") was not in compliance with the code provision A.5.1 of the CG Code until the Company appointed Mr. Ji Kaiping, the Chairman, as chairman of the Nomination Committee and Mr. Li Wen and Mr. Qiu Ke, independent non-executive Directors, as members of the Nomination Committee on 29 November 2018 (the aforesaid appointment took effect from 3 December 2018).
C.1.2	The management of the Company did not provide a regular monthly update to the members of the Board, but the management keeps providing information and update to the members of the Board irregularly.

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

Following the resignation of Mr. Zhou Guangguo as independent non-executive Director on 29 August 2017, the Company only had two independent non-executive Directors and two members of the audit committee of the Company (the "Company"), the number of which falls below the minimum number required under Rule 3.10(1) and 3.21 of the Listing Rules.

Following the resignation of Mr. Xu Tiantian as independent non-executive Director on 2 September 2017, the number of the independent non-executive Directors did not represent one-third of the Board as required under Rule 3.10A of the Listing Rules.

Following the resignation of Ms. Zhou Zhan as independent non-executive Director on 20 October 2017, the Company failed to comply with Rule 3.10(2) of the Listing Rules with regard to at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise.

Following the appointment of Mr. Qiu Ke as independent non-executive Director on 1 June 2018, the Company had sufficient number of independent non-executive Directors which represented one-third of the Board as required under Rule 3.10A of the Listing Rules.

Upon the appointment of Ms. Chen Yen Yung, who has appropriate professional qualifications or accounting or related financial management expertise, as independent non-executive Director on 17 April 2019, the number of independent non-executive Directors satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirement set out in Rule 3.10(2) of the Listing Rules with regard to at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. In addition, the Company had complied with the requirements set out under Rule 3.21 of the Listing Rules with regard to the composition of the Audit Committee.

AUDIT COMMITTEE

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

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems, and review of the Group's financial information. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry of the then Directors, all the then Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

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

Hong Kong, 26 July 2019

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

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established with written terms of reference in compliance with the the Corporate Governance Code contained in Appendix 14 to the Listing Rules. As at the date of this interim results 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 unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

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.

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

Hong Kong, 26 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.