



**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

**2020**  
Interim Report

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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

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

#### Non-executive Director

Mr. An Jingwen

#### Independent Non-executive Directors

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

### COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

### AUDIT COMMITTEE

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

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

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

### AUTHORISED REPRESENTATIVES

Mr. Ji Kaiping  
Ms. Chan Pui Shan, Bessie

### LEGAL ADVISOR

Baker & McKenzie

### INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

### PRINCIPAL BANKER

Industrial and Commercial Bank of  
China (Asia) Limited

### REGISTERED OFFICE

Suites 1106-08, 11th Floor  
The Chinese Bank Building  
61-65 Des Voeux Road Central  
Hong Kong

### SHARE REGISTRAR AND TRANSFER OFFICE

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

### COMPANY WEBSITE

[www.nur.com.hk](http://www.nur.com.hk)

### STOCK CODE

254

## RESULTS

The board (the “Board”) of directors (the “Directors”) of National United Resources Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “Current Period”).

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		<b>Six months ended 30 June</b>	
	Notes	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
<b>Revenue</b>	5	<b>61,737</b>	30,918
Cost of sales		<b>(50,378)</b>	(7,073)
<b>Gross profit</b>		<b>11,359</b>	23,845
Other income	6	<b>273</b>	7
Administrative and other operating expenses		<b>(13,944)</b>	(16,787)
<b>(Loss)/Profit from operations</b>		<b>(2,312)</b>	7,065
Finance cost	7	<b>(8,360)</b>	(23,409)
<b>Loss before tax</b>		<b>(10,672)</b>	(16,344)
Income tax expense	8	<b>–</b>	–
<b>Loss for the period</b>	9	<b>(10,672)</b>	(16,344)
<b>Attributable to:</b>			
Owners of the Company		<b>(9,936)</b>	(16,183)
Non-controlling interests		<b>(736)</b>	(161)
		<b>(10,672)</b>	(16,344)
<b>Loss per share attributable to owners of the Company</b>	10		
Basic (HK cents per share)		<b>(0.15)</b>	(0.25)
Diluted (HK cents per share)		<b>(0.15)</b>	(0.25)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
<b>Loss for the period</b>	9	(10,672)	(16,344)
<b>Other comprehensive income/(loss):</b> <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		924	(1,555)
Total comprehensive loss for the period		<b>(9,748)</b>	<b>(17,899)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		(9,137)	(17,743)
Non-controlling interests		(611)	(156)
		<b>(9,748)</b>	<b>(17,899)</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	109,575	120,866
Right-of-use assets		83,139	88,951
Deferred tax asset		8,288	8,448
Intangible assets		274	335
Goodwill		33,612	34,265
		<u>234,888</u>	<u>252,865</u>
<b>Current assets</b>			
Trade receivables	13	45,027	41,847
Prepayments, deposits and other receivables	14	96,705	83,929
Bank and cash balances		1,706	3,309
		<u>143,438</u>	<u>129,085</u>
<b>Current liabilities</b>			
Trade payables	15	320	320
Other payables and accruals	16	255,952	246,666
Borrowings	17	165,863	166,367
Convertible bonds	18	256,988	253,802
Non-convertible bonds	19	90,500	90,500
Lease liabilities		149,213	139,400
Tax payable		6,785	6,861
		<u>925,621</u>	<u>903,916</u>
<b>Net current liabilities</b>		<u>(782,183)</u>	<u>(774,831)</u>
<b>Total assets less current liabilities</b>		<u>(547,295)</u>	<u>(521,966)</u>

	Notes	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		<u>26,227</u>	<u>41,808</u>
		<u>26,227</u>	<u>41,808</u>
<b>NET LIABILITIES</b>		<u><b>(573,522)</b></u>	<u><b>(563,774)</b></u>
<b>Capital and reserves</b>			
Share capital	20	<u>3,178,754</u>	3,178,754
Reserves		<u>(3,723,512)</u>	<u>(3,714,375)</u>
Equity attributable to owners of the Company		<u>(544,758)</u>	<u>(535,621)</u>
Non-controlling interests		<u>(28,764)</u>	<u>(28,153)</u>
<b>TOTAL EQUITY</b>		<u><b>(573,522)</b></u>	<u><b>(563,774)</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company (unaudited)						
	Share capital HK\$'000	Equity component of convertible bonds HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2019 (audited)	3,178,754	62,077	7,207	(3,847,442)	(599,404)	16	(599,388)
Loss for the period	-	-	-	(16,183)	(16,183)	(161)	(16,344)
Other comprehensive income/(loss) for the period	-	-	(1,560)	-	(1,560)	5	(1,555)
Total comprehensive income/(loss) for the period	-	-	(1,560)	(16,183)	(17,743)	(156)	(17,899)
<b>At 30 June 2019 (unaudited)</b>	<b>3,178,754</b>	<b>62,077</b>	<b>5,647</b>	<b>(3,863,625)</b>	<b>(617,147)</b>	<b>(140)</b>	<b>(617,287)</b>
At 1 January 2020 (audited)	3,178,754	62,077	9,434	(3,785,886)	(535,621)	(28,153)	(563,774)
Loss for the period	-	-	-	(9,936)	(9,936)	(736)	(10,672)
Other comprehensive income/(loss) for the period	-	-	799	-	799	125	924
Total comprehensive income/(loss) for the period	-	-	799	(9,936)	(9,137)	(611)	(9,748)
<b>At 30 June 2020 (unaudited)</b>	<b>3,178,754</b>	<b>62,077</b>	<b>10,233</b>	<b>(3,795,822)</b>	<b>(544,758)</b>	<b>(28,764)</b>	<b>(573,522)</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020 HK\$'000 (unaudited)</b>	<b>2019 HK\$'000 (unaudited)</b>
<b>Net cash generated from operating activities</b>	<b>3,173</b>	28,125
<b>Cash flows from investing activities</b>		
Interest received	7	7
Purchases of property, plant and equipment	–	(41)
<b>Net cash generated from/(used in) investing activities</b>	<b>7</b>	(34)
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(323)	–
Repayment of lease liabilities	(4,379)	(19,164)
<b>Net cash used in financing activities</b>	<b>(4,702)</b>	(19,164)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,522)</b>	8,927
Effect of foreign exchange rate changes	(81)	(2,030)
Cash and cash equivalents at beginning of period	3,309	1,119
<b>Cash and cash equivalents at end of period</b>	<b>1,706</b>	8,016
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	1,706	8,016

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

For the six months ended 30 June 2020

### **1. GENERAL INFORMATION**

The Company was incorporated in Hong Kong with limited liability. The address of its registered office is Suites 1106-08, 11th Floor, The Chinese Bank Building, 61-65 Des Voeux Road Central, 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 Company is an investment holding company. During the Current Period, the Group was engaged in car rental business and tour bus rental services in the industry of commuter bus leasing market in the People's Republic of China (the "PRC").

### **2. BASIS OF PREPARATION**

The financial information relating to the financial year ended 31 December 2019 that is included in this interim report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 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 report dated 13 July 2020; 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\$10,672,000 for the Current Period and as at 30 June 2020 the Group had net current liabilities of approximately HK\$782,183,000 and net liabilities of approximately HK\$573,522,000. 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 on the Stock Exchange has been suspended since 1 August 2016.

The condensed consolidated financial statements of the Group 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.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020 ("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 ("HKICPA") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

These Interim Financial Statements should be read in conjunction with the Group's 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

### **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 2020. 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 six months ended 30 June 2020 and 2019.

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**

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 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.

- (a) The Group has only one operating segment of provision of car rental services. Information about reportable segment profit or loss and segment assets:

	<b>Six months ended 30 June</b>	
	<b>2020 HK\$'000 (unaudited)</b>	2019 HK\$'000 (unaudited)
Revenue from external customers	<b>61,737</b>	30,918
Segment result	<b>6,360</b>	22,553
Interest income on bank deposits	7	7
Other income	266	–
Unallocated expenses	<b>(8,945)</b>	(15,495)
Profit from operations	<b>(2,312)</b>	7,065
Finance cost	<b>(8,360)</b>	(23,409)
Loss before tax	<b>(10,672)</b>	(16,344)
Income tax expense	–	–
Loss for the period	<b>(10,672)</b>	(16,344)
	<b>As at 30 June 2020 HK\$'000 (unaudited)</b>	As at 31 December 2019 HK\$'000 (audited)
Segment assets	<b>219,587</b>	210,359
Segment liabilities	<b>(388,439)</b>	(332,414)

(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	
	Six months ended 30 June		At 30 June	At 31 December
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (audited)
Hong Kong	–	–	420	649
PRC	<u>61,737</u>	<u>30,918</u>	<u>234,468</u>	<u>252,216</u>
	<u>61,737</u>	<u>30,918</u>	<u>234,888</u>	<u>252,865</u>

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

(c) Information about major customers

Revenue from operations of approximately HK\$16,679,000 (six months ended 30 June 2019: approximately HK\$23,594,000) was derived from two (six months ended 30 June 2019: one) independent customers of income from car rental service segment which individually contributed 10% or more to the Group's revenue during the Current Period.

**5. REVENUE**

Revenue represents the net invoiced value of services rendered during the Current Period.

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Car rental service income	<b>61,737</b>	30,918

The major services are rental of car. The revenue is recognised at a point in time and the geographical market is located in PRC.

**6. OTHER INCOME**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Bank interest income	7	7
Sundry income	266	–
	<b>273</b>	7

## 7. FINANCE COST

	Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Bank charges	8	3
Interest expenses on borrowings		
– interest on convertible bonds	3,186	13,793
– interest on non-convertible bonds	2,715	2,715
– lease interests	2,052	6,833
– interest on bank borrowings	334	–
– interest on other borrowings	65	65
	<u>8,360</u>	<u>23,409</u>

## 8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the Current Period.

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% (2019: 25%).



## 9. LOSS FOR THE PERIOD

The Group's loss for the Current Period is stated after charging the following:

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Directors' remuneration	<b>1,620</b>	2,845
Other staff salaries and benefits	<b>1,754</b>	586
Contributions to retirement benefit schemes	<b>81</b>	27
	<b>3,455</b>	3,458
Depreciation of property, plant and equipment	<b>9,053</b>	6,632
Depreciation of right-of-use assets	<b>4,137</b>	–

## 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 period attributable to owners of the Company of approximately HK\$9,936,000 (2019: approximately HK\$16,183,000) and the weighted average number of ordinary shares of 6,411,770,500 (2019: 6,411,770,500) in issue during the Current Period.

### Diluted loss per share

No diluted loss per share for the six months ended 30 June 2020 and 2019 is presented as the effects of all convertible bonds are anti-dilutive for the Current Period.

## 11. DIVIDENDS

The Directors do not declare the payment of any dividend in respect of the Current Period (six months ended 30 June 2019: nil).

## 12. PROPERTY, PLANT AND EQUIPMENT

During the Current Period, no property, plant and equipment was acquired by the Group (six months ended 30 June 2019: approximately HK\$41,000).

## 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. The Group has concentration of credit risk on certain customers. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest bearing.

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

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Within 30 days	<b>13,205</b>	9,710
31 – 90 days	<b>9,849</b>	12,471
Over 90 days but within 1 year	<b>21,973</b>	19,666
Over 1 year	<b>1,286</b>	1,286
Less: Impairments	<b>(1,286)</b>	(1,286)
	<b>45,027</b>	41,847

**14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Other receivables	20,214	14,358
Guarantee deposit for finance lease payables	31,706	32,322
Paid in advance	19,854	20,240
Prepayments and deposits	<u>24,931</u>	<u>17,009</u>
	<u><b>96,705</b></u>	<u><b>83,929</b></u>

**15. TRADE PAYABLES**

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

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Over 1 year	<u>320</u>	<u>320</u>

## 16. OTHER PAYABLES AND ACCRUALS

	At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Other payables	239,541	229,715
Amount due to a director	527	537
Accruals	<u>15,884</u>	<u>16,414</u>
	<u><b>255,952</b></u>	<u><b>246,666</b></u>

## 17. BORROWINGS

	At 30 June 2020 HK\$'000 (unaudited)	At 31 December 2019 HK\$'000 (audited)
Bank loan	9,175	9,498
Other loans	<u>156,688</u>	<u>156,869</u>
	<u><b>165,863</b></u>	<u><b>166,367</b></u>

All borrowings are repayable on demand or within one year.

## 18. CONVERTIBLE BONDS

On 27 October 2015, the Company issued 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 2020, the outstanding principal amount is HK\$26,500,000.

On 10 November 2015, the Company issued 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. At 30 June 2020, the outstanding principal amount is HK\$55,580,000.

On 6 September 2016, the Company issued 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 on 31 August 2019 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 2020, the outstanding principal amount is HK\$140,000,000.

On 31 March 2017, the Company issued 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. At 30 June 2020, the outstanding principal amount is HK\$13,220,018.

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

	HK\$'000
<b>Liability component</b>	
At 1 January 2019 (audited)	232,551
Interest charged	<u>21,251</u>
At 31 December 2019 and 1 January 2020 (audited)	253,802
Interest charged	<u>3,186</u>
Liability component at 30 June 2020 (unaudited)	<u><u>256,988</u></u>

## 19. NON-CONVERTIBLE BONDS

The non-convertible bonds of the Company (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.

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	At 31 December 2019 HK\$'000 (audited)
At beginning of the period/year	<b>90,500</b>	90,500
Interest charged	<b>2,715</b>	5,815
Interest payable classify to other payables	<b><u>(2,715)</u></b>	<u>(5,815)</u>
At the end of the period/year	<b><u>90,500</u></b>	<u>90,500</u>

**20. SHARE CAPITAL**

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Issued and fully paid: 6,411,770,500 (2019: 6,411,770,500) ordinary shares	<b><u>3,178,754</u></b>	<b><u>3,178,754</u></b>

**21. CONTINGENT LIABILITIES**

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

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Indemnity related to a former subsidiary (note 22(b))	<b><u>6,687</u></b>	<b><u>6,817</u></b>

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.

## 22. PENDING LITIGATIONS

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

- (a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK\$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the Directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an amended Writ of Summons was served on the Company by the lender of the Group to clarify that the individual third party acted as an agent of the lender. The Directors instructed the lawyer of the Company to handle this matter. The loan advanced by the lender of HK\$1,523,000 together with interest and penalty of HK\$1,149,000, totaling of approximately HK\$2,672,000, were accrued in the financial statements (included in other borrowings and other payables and accruals respectively) and has not yet been settled as at 30 June 2020.

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 condensed consolidated 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\$6,687,000 (31 December 2019: HK\$6,817,000), has been disclosed as contingent liabilities in note 21 to the condensed 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 condensed consolidated financial statements.

- (c) In 2014, five customers of 中航國金商品現貨交易中心(青島)有限公司 (“AVIC Guojin”) have taken civil actions against AVIC Guojin in the court in Qingdao claiming the contracts of trading precious metals on the platform of AVIC Guojin being invalid and recovery of the related losses totalling approximately RMB11,000,000, equivalent to approximately HK\$13,131,000. In April 2015, the court in Qingdao handed down the judgment in favour of AVIC Guojin in one of the five cases and the successors of the deceased plaintiff in that case appealed against the judgment in May 2015. The court suspended the proceedings of the other four civil actions pending the results of the first case.

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

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 31 January 2019, the Company, First Concept Industrial Group Limited (“First Concept”) (a former wholly-owned subsidiary of the Company) and NUR Clean Energy Investment Limited (“NUR Clean”) (a wholly-owned subsidiary 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, China Wish Limited, Sino King Trading (HK) Co., Limited, and Huge Power Co., Ltd. The validity of writ summons has been extended to 31 January 2021.

**23. RELATED PARTY TRANSACTIONS**

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated financial statements, the Group had the following balances with a related party during the Current Period:

	<b>At 30 June 2020 HK\$'000 (unaudited)</b>	<b>At 31 December 2019 HK\$'000 (audited)</b>
Amount due to a related party	<u>2,856</u>	<u>2,911</u>

The amount due to the related party is unsecured, interest-free and repayable on demand. Two Directors, Mr. Ji Kaiping and Mr. Guo Peiyuan, have control over the related party.

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

	<b>Six months ended 30 June 2020 HK\$'000 (unaudited)</b>	<b>2019 HK\$'000 (unaudited)</b>
Short term employee benefits	<u>1,620</u>	<u>2,845</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### ACTIONS TAKEN BY THE COMPANY TO ADDRESS RELEVANT DISCLAIMER OF OPINION

The auditors of the Company, ZHONGHUI ANDA CPA Limited (“Auditor”), had disclaimed their opinion on the consolidated financial statements of the Group for the year ended 31 December 2019. The Company has taken actions to address the relevant audit qualifications as set out below:

**a. Certain opening balances and corresponding figures**

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

**b. Limited accounting books and records of two subsidiaries – First Concept and iFrontier LLC (“iFrontier”)**

As disclosed in the announcement of the Company dated 26 July 2019, First Concept and iFrontier have been disposed to independent third parties of the Company. As such, this disclaimer will be removed in the year ending 31 December 2021.

**c. Loss on deconsolidation of the subsidiaries**

As disclosed in the announcement of the Company dated 26 July 2019, these subsidiaries with limited books and records have been disposed to independent third parties of the Company. As such this disclaimer will be removed in the year ending 31 December 2021.

**d. Borrowings**

The Company will use proceeds from proposed subscription and proposed open offer to repay such debt after debt obligation is verified and the Company is obligated to settle if this is the case. This disclaimer will be removed upon repayment is made.

**e. Going Concern**

The consolidated financial statements of the Group for the year ended 31 December 2019 have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

The Company will undergo (i) proposed subscription; (ii) proposed open offer; and (iii) proposed debt restructuring, to reduce debt and raise capital for expansion and for working capital. Upon completion of the forgoing transactions, the disclaimer on going concern will be removed.

## BUSINESS REVIEW

For the Current Period, and since September 2016, the Group has engaged in car rental service business as core business based in the PRC. It is the main source of revenue of the Group.

### Car rental service

The Group engages in car rental services and tour bus rental services in the industry of commuter bus leasing market in the PRC. The car rental services includes (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. Both of 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd\*) (“TMTC Rental”) 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 TMTC Rental, the “TMTC Group”) contributed revenue for the Current Period, as the financial results of TMTC Travel has been consolidated into Group’s account pursuant to HKFRS 10 commencing from 1 September 2019, in accordance to the shareholder control agreement (the “Shareholder Control Agreement”) entered into between TMTC Rental and 北京鼎岩盛世科技發展有限公司 (Beijing Dingyan Shengshi Technology Development Co., Ltd.\*) (“Beijing Dingyan”), which owns 51% equity interest in TMTC Travel, where Beijing Dingyan irrevocably delegated its management rights over TMTC Travel to TMTC Rental.

The Group currently operates its car rental services and tour bus rental services through the TMTC Group, which were merged into the Group by acquisition of all equity interest of Gear World Development Limited in the year 2016 and contributed source of revenue to the Group since September 2016. Customers of TMTC Group include prominent corporations such as Tencent, Baidu, Mercedes-Benz and BMC (北京索尼愛立信), governmental department and international schools, such as International School of Beijing (北京順義國際學校).

## FINANCIAL REVIEW

### Revenue

The COVID-19 pandemic started in early 2020 has a dramatic effect on the worldwide business, global economic activity as well as people's daily living. Beijing, where the core business of the Group operates, suspended almost all of its economic activities after the COVID-19 outbreak in January 2020. The Government of Beijing Municipality imposed various control policies to restrict activities of residents and orders in delaying resumption of work in the city. The situation eased off in April 2020, before the second wave of outbreak in mid-June 2020 in Beijing where strict control policies were re-implemented again for approximately 6 weeks. Corporations had to suspend or limit their employees reporting to work at offices, while schools were closed down during such period. Unavoidably, the Group's car rental service was also affected in the first half year of 2020. Nevertheless, as at the date of this report, over 80% usage in the Group's bus transportation service business has been resumed.

As the financial results of TMT Travel has been consolidated into Group's account pursuant to HKFRS 10 commencing from 1 September 2019, in accordance to the Shareholder Control Agreement, the Group's revenue generated from car rental business amounted to HK\$61,737,000 for the Current Period, representing an increase of approximately HK\$30,819,000 or 99.7% compared to the six months ended 30 June 2019 which was HK\$30,918,000.

### Cost of sales and gross profit

The Group's cost of sales for the Current Period and 30 June 2019 were approximately HK\$50,378,000 and HK\$7,073,000 respectively, representing an increase of approximately HK\$43,305,000 or 612.3% compared to the six months ended 30 June 2019. The Group's gross profit was approximately HK\$11,359,000 for the Current Period, as compared to approximately HK\$23,845,000 for the six months ended 30 June 2019. Gross profit ratio reduced from 77.1% for the six months ended 30 June 2019 to 18.4% for the Current Period. As mentioned above, after the Shareholder Control Agreement in place in September 2019, the financial performance of TMT Travel was consolidated into the Group since then. TMT Travel is the operating entity in the car rental service for providing shuttle bus services to customers and so it bears substantial direct costs in associated with the operation.

The Group always treats its people the most valuable asset and is confident in catching up its business after the pandemic. So the Group had acted in its best effort to retain all its employees during the pandemic. Up to the date of this report, no downsizing in work force was made owing to the pandemic. Inevitably, this was one of the reasons leading to a lower gross profit ratio in the Current Period.

### **Other income**

Other income of the Group for the Current Period and 30 June 2019 were approximately HK\$273,000 and HK\$7,000 respectively, representing an increase of approximately HK\$266,000 compared to the six months ended 30 June 2019.

### **Administrative and other operating expenses**

Administrative and other operating expenses for the Current Period and 30 June 2019 were approximately HK\$13,944,000 and approximately HK\$16,787,000 respectively, representing a decrease of approximately HK\$2,843,000 or 16.9%.

### **Finance cost**

Finance cost of the Group for the Current Period amounted to approximately HK\$8,360,000, represented a decrease of approximately 64.3% compared to the corresponding period in 2019. The finance cost included interests charged on convertible bonds, non-convertible bonds, lease liabilities, bank borrowings and other borrowings.



## Loss attributable to the owners of the Company

TMTC Group, the Company's core business entities, recorded a profit after tax amounted to HK\$4,243,000 in the Current Period. As the Group is processing its Resumption Proposal (further illustrated below), legal and professional fees incurred for resumption were high. Besides, before completing the proposed debt restructuring which is part of the Resumption Proposal, finance costs in associated with liabilities in the proposed debt restructuring plan could nevertheless still be accrued, but will be written back upon the proposed debt restructuring being completed. As such, when (i) one-off and non-recurring expenses for resumption; and (ii) finance costs in associated with liabilities in the proposed debt restructuring plan all being excluded, the loss for the period and loss attributable to the owners of the Company for the Current Period were approximately HK\$1,640,000 and HK\$904,000 respectively.

If non-operation related costs and saving from debt restructuring were not excluded, the loss for the period and loss attributable to the owners of the Company as reported in the interim financial statements for the Current Period were approximately HK\$10,672,000 and HK\$9,936,000 respectively. The loss for the period and loss attributable to the owners of the Company for the six months ended 30 June 2019 were approximately HK\$16,344,000 and HK\$16,183,000 respectively.

## RESUMPTION PROPOSAL, PROPOSED OPEN OFFER, SUBSCRIPTION AND DEBT RESTRUCTURING

The Company submitted its resumption proposal to the Stock Exchange on 19 June 2019 ("June Proposal") and a supplemental resumption proposal to the Stock Exchange on 30 July 2019 (together with the June Proposal, "Resumption Proposal").

Key terms of the Resumption Proposal include the following elements:

- (i) subscription of new Shares by Mr. Ji Kaiping and Mr. Guo Peiyuan, both being executive Directors (“Subscription”) to provide new equity capital to the Company;
- (ii) an open offer to provide existing shareholders of the Company pre-emptive right to subscribe new Shares at the same price as the Subscription should they so wish (“Open Offer”) to provide new equity capital to the Company; and
- (iii) debt restructuring plans agreed by certain creditors to significantly reduce liabilities of the Company (“Debt Restructuring”). The proceeds from the Subscription and the Open Offer will be used to (i) repay debts of the Company under the Debt Restructuring; (ii) finance business expansion; and (iii) provide general working capital for the Company.

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

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2020, the issued share capital of the Company was HK\$3,178,754,000 divided into 6,411,770,500 Shares. During the Current Period, the Group finances its operations by cash flow from operating activities. As at 30 June 2020, the cash and bank balances of the Group amounted to approximately HK\$1,706,000 (31 December 2019: HK\$3,309,000).

As at 30 June 2020, the Group had current assets of approximately HK\$143,438,000 (31 December 2019: HK\$129,085,000), while its current liabilities were approximately HK\$925,621,000 (31 December 2019: HK\$903,916,000). The current ratio of the Group was approximately 0.15 times (31 December 2019: 0.14 times) and gearing ratio (debts/total assets) was 182.1% (31 December 2019: 184.6%).

## FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2020, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 30 June 2020, the management of the Company was of the opinion that the Group has insignificant exposure to foreign exchange risk. The Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the six months 30 June 2020. 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 2020, the Group had 704 employees (including the Directors) in Hong Kong and the PRC (31 December 2019: 697 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. There has been no major change in staff utilized policies during the six months ended 30 June 2020.

## **BORROWINGS/CHARGES ON THE GROUP'S ASSETS**

As disclosed in note 17 to the condensed consolidated interim financial statements, as at 30 June 2020, the Group recorded the borrowings of approximately HK\$165,863,000 (31 December 2019: HK\$166,367,000) in which of approximately HK\$9,175,000 (31 December 2019: HK\$9,498,000) represents loan from bank and bear interest rate 5.15% per annum with motor vehicles in carrying amount of approximately HK\$11,095,000 (31 December 2019: approximately HK\$11,869,000) being pledged to secure the bank loan. All borrowings are repayable on demand or within the year.

## **CAPITAL COMMITMENTS**

The Group had no significant capital commitments outstanding as at 30 June 2020 and 31 December 2019.

## **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 2020 and did not have any significant investments held as at 30 June 2020.

## **CONTINGENT LIABILITIES**

Details of contingent liabilities were disclosed in note 21 to the condensed consolidated interim financial statements.

## **EVENTS AFTER THE REPORTING PERIOD**

Trading in the Shares has been suspended since August 2016. The Company fully devoted in its resumption process since 2018. The Company submitted its first resumption proposal to the Stock Exchange in June 2019, and engaged Yu Ming Investment Management Limited in July 2019 to prepare a supplemental resumption proposal.

Despite the fulfilment by the Company of the resumption conditions set by the Stock Exchange, the Listing Division of the Stock Exchange (the “Listing Division”) still recommended the Listing Committee of the Stock Exchange (the “Listing Committee”) to cancel the listing of the securities of the Company, and the Listing Committee concurred on 29 August 2019. As such, the Company decided to request for a review of such delisting decision by the Listing Review Committee of the Stock Exchange (the “Listing Review Committee”).

As the Listing Division was of the view that TMTC Travel, the 49% owned associated company, did not offer transparency to the financial statements or the business description, for the reason that TMTC Travel was only equity accounted and not consolidated in the financial statements. The Board negotiated with the 51% passive shareholder to reflect the actual operation and management of TMTC Travel, that is, TMTC Travel despite being 49% owned by the Company, the operation and management rests with the Company. The Shareholder Control Agreement was finally signed on 1 September 2019, enabling the Company to reflect financial information of TMTC Travel fully in the consolidated financial statements of the Group, to improve operation and business disclosure transparency to the Listing Division and the shareholders of the Company.

The Listing Review Committee conducted a hearing with the Company on 15 January 2020 (the “First Hearing”). Afterwards, the Listing Review Committee requested the Company to provide further information to the Listing Review Committee by making a further submission, and invited the Company for an extension hearing of the First Hearing. The Company had submitted a further submission to the Listing Review Committee on 4 March 2020, and attended the extension hearing of the First Hearing on 9 September 2020.

On 16 September 2020, the Company received the Listing Review Committee’s decision to overturn the delist decision made by the listing committee on the Company. One of the reasons the Listing Review Committee overturned the Listing Committee’s delisting decision was that the Shareholder Control Agreement enabled them to see through the finances and business of TMTC Travel. For details about the decision, please refer to the Company’s announcement dated 17 September 2020.

The Company and its professional advisers intend to work closely and harmoniously with the Listing Division to implement the proposed restructuring contemplated under the Company’s Resumption Proposal, including the Subscription, Open Offer and Debt Restructuring, which are subject to conditions.

## OUTLOOK

The COVID-19 outbreak has calmed down in Beijing since August 2020, while people's daily life and economic activities start to recover right after. Now the key topic in the whole world is how people shall live during a pandemic and when there may be a next pandemic potentially. Social distance and transportation safety are the key concerns in highly populated cities, especially in Beijing. Well before COVID-19, managements of TMTC Group has already encountered the SARS outbreak in 2003 and gained valuable experience in formulating its shuttle bus services which are focused on (i) unique vehicles for unique customers; (ii) robust hygiene standards in vehicle management; and (iii) strict passenger identification and on-board control. All these are the core service values in making TMTC Group developing from initially 7 shuttle buses to over 800 shuttle buses now. Fortune 500 MNCs, e-commerce unicorn and especially top-ranked international schools in Beijing are all attracted and then adapted to our supreme shuttle bus services. Although COVID-19 has affected TMTC Group in the first half of 2020, we see this a valuable opportunity to capture bigger market share by such increasing demand in higher hygiene and safety concerns in commuting, and while some competitors had failed to survive in the pandemic as well.

In June 2020, TMTC Group has commenced rendering shuttle bus services to the Beijing Customs District (北京海關) situated at Beijing Daxing International Airport (北京大興國際機場).

In July 2020, TMTC Group has entered into a strategic cooperation agreement (the "Agreement") with Beijing Chaotianlun Tourism Co., Ltd.\* (北京朝天輪旅遊觀光有限責任公司) ("Beijing Chaotianlun"). Beijing Chaotianlun is the operator of the Chaotianlun project that providing an integrated tourist attraction, including dining, entertainment and arts in a tourism park of Beijing. Pursuant to the Agreement, TMTC Group will provide transportation services during the construction period (expected to commute around 800 to 1,000 workers per day) and after the park is opened in July 2022 (expected to commute around 25,000 visitors per day). The cooperation period is going to start from 1 January 2021 to 31 December 2031.

TMTC Group is also a long-term shuttle bus service provider for a number of the highest ranked international schools in Beijing, including International School of Beijing, Dulwich College Beijing International School and Yew Chung International School of Beijing. TMTC Group is now in final discussion with two more international schools for shuttle bus service provision as well.

The Group believes, the adverse effect by COVID-19 over our business operation is just temporary. We can catch up along with the recovery of the economy in the second half of 2020, and expects there will be a positive impact on the Company's business.

**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 2020, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

**Long Position in the Shares**

<b>Name of Director</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest in the Company</b>
Ji Kaiping	Beneficial owner	11,000,000,000 (Note 1)	171.56%
Guo Peiyuan	Beneficial owner	10,000,000,000 (Note 2)	155.96%

Notes:

- As at 30 June 2020, the subscription of 11,000,000,000 Shares pursuant to the legally binding agreement in respect of the subscription of new Shares by Mr. Ji Kaiping has not yet been completed. Please refer to the Company's announcement dated 31 July 2019 for details of the said share subscription.
- As at 30 June 2020, the subscription of 10,000,000,000 Shares pursuant to the legally binding agreement in respect of the subscription of new Shares by Mr. Guo Peiyuan has not yet been completed. Please refer to the Company's announcement dated 31 July 2019 for details of the said share subscription.

Save as disclosed above, as at 30 June 2020, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## **SHARE OPTION SCHEME**

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 14 December 2012, a share option scheme of the Company (the “Share Option Scheme”) was adopted by the Company. The 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 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 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 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 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 Share Option Scheme.



The maximum number of Shares in respect of which options may be granted under the 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 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 Share Option Scheme was 372,096,700 Shares.

There was no outstanding share options granted under the Share Option Scheme as at 30 June 2020. No option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2020.

## **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS IN SHARES AND UNDERLYING SHARES**

At 30 June 2020, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name	Capacity/ Nature of interest	Long position/ short position	Number of Shares held	Number of underlying shares held	Approximately percentage of total number of Shares in issue
Nation Spirit Limited (Note 1)	Beneficial owner	Long position	–	933,333,333	14.56%
Gu Baorong (Note 1)	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 2)	Beneficial owner	Long position	596,900,000	–	9.31%
Liu Zidong (Note 2)	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 3)	Beneficial owner	Long position	585,533,845	–	9.13%
Wang Yi (Note 3)	Interest of a controlled corporation	Long position	585,533,845	–	9.13%

Notes:

1. These interests represent 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 (i) convertible bonds in the principal amount of HK\$140 million issued by the Company; and (ii) convertible bonds in an aggregate principal amount of HK\$420 million (the "CB") to be issued by the Company to the vendors as partial settlement of the consideration pursuant to the sale and purchase agreement dated 15 January 2016 ("S&P Agreement").

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 are 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.

As stated in the announcement of the Company dated 23 July 2019, no CB was issued pursuant to the terms of the S&P Agreement. Accordingly, both Nation Spirit Limited and Gu Baorong had ceased to be interested in 700,000,000 underlying shares to be issued upon conversion of the CB.

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, 22 February 2017 and 23 July 2019, and the Company's circular dated 30 June 2016.

2. 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 are 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 in which Upper Target Limited is interested.
3. 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 are 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 in which Elite Fortune Global Limited is interested.

Save as disclosed above, as at 30 June 2020, 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 2020 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 2020.

## **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 2020.

## **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 2020, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations explained below.

<b>The code provisions</b>	<b>Reasons for the non-compliance and improvement actions took or to be taken</b>
A.1.8	As it took time for the Company to solicit a suitable insurer at reasonable commercial terms and conditions, the Company did not arrange appropriate insurance cover in respect of legal action against its Directors for the six months ended 30 June 2020.
A.2.1	The Company has not appointed a chief executive officer as 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.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established with written terms of reference in compliance with the CG Code. The Audit Committee currently 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 2020 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 Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2020.

The Company has also adopted the Model Code as the code of conduct for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code by the relevant employees of the Company was noted by the Company during the year ended 30 June 2020.

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

Hong Kong, 29 September 2020

*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.*

*\* For identification purpose only*