



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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ji Kaiping (*Chairman*)
Mr. Guo Peiyuan
Ms. Mao Na
Ms. Ma Wenjing
Mr. Qiu Keshan

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 ADVISORS

Baker & McKenzie
Lau, Horton & Wise LLP

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
17/F, Far East Finance Centre
16 Harcourt Road
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COMPANY WEBSITE

www.irasia.com/listco/hk/nur

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 2022 (the “Current Period”) together with the comparative figures for the six months ended 30 June 2021 (the “Corresponding Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	5	41,654	74,118
Cost of revenue		<u>(48,176)</u>	<u>(54,241)</u>
Gross (loss)/profit		(6,522)	19,877
Other income	6	356,842	202
Administrative and other operating expenses		<u>(24,846)</u>	<u>(13,981)</u>
Profit from operations		325,474	6,098
Finance cost	7	<u>(6,980)</u>	<u>(10,617)</u>
Profit/(loss) before tax		318,494	(4,519)
Income tax expense	8	<u>-</u>	<u>-</u>
Profit/(loss) for the period	9	<u>318,494</u>	<u>(4,519)</u>
Attributable to:			
Owners of the Company		326,154	(4,515)
Non-controlling interests		<u>(7,660)</u>	<u>(4)</u>
		<u>318,494</u>	<u>(4,519)</u>
			Restated
Earnings/(loss) per share attributable to owners of the Company	10		
Basic (HK cents per share)		<u>14.99</u>	<u>(0.70)</u>
Diluted (HK cents per share)		<u>14.99</u>	<u>(0.70)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit/(loss) for the period	318,494	(4,519)
Other comprehensive income/(loss):		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(7,929)</u>	<u>(3,029)</u>
Total comprehensive income/(loss) for the period	<u>310,565</u>	<u>(7,548)</u>
Total comprehensive income/(loss) for the period attributable to:		
Owners of the Company	319,461	(7,524)
Non-controlling interests	<u>(8,896)</u>	<u>(24)</u>
	<u>310,565</u>	<u>(7,548)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	12	83,300	94,738
Right-of-use assets		66,888	73,271
Deferred tax asset		6,740	7,046
Intangible assets		31	123
Goodwill		35,918	37,546
Prepayment		14,057	14,694
		<u>206,934</u>	<u>227,418</u>
Current assets			
Trade receivables	13	29,632	59,910
Prepayments, deposits and other receivables	14	96,765	25,076
Bank and cash balances		125,953	2,136
		<u>252,350</u>	<u>87,122</u>
Current liabilities			
Other payables and accruals	15	154,962	189,883
Borrowings	16	47,554	69,218
Convertible bonds	17	–	265,086
Non-convertible bonds	18	–	90,500
Lease liabilities		150,265	161,414
Tax payable		6,674	7,223
		<u>359,455</u>	<u>783,324</u>
Net current liabilities		<u>(107,105)</u>	<u>(696,202)</u>
Total assets less current liabilities		<u>99,829</u>	<u>(468,784)</u>

	Notes	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		<u>1,126</u>	<u>1,663</u>
		<u>1,126</u>	<u>1,663</u>
NET ASSETS/(LIABILITIES)		<u>98,703</u>	<u>(470,447)</u>
Capital and reserves			
Share capital	19	3,437,339	3,178,754
Reserves		<u>(3,306,439)</u>	<u>(3,625,900)</u>
Equity attributable to owners of the Company		130,900	(447,146)
Non-controlling interests		<u>(32,197)</u>	<u>(23,301)</u>
TOTAL EQUITY		<u>98,703</u>	<u>(470,447)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company						
	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 2021 (audited)	3,178,754	62,077	9,146	(3,749,160)	(498,183)	(26,228)	(525,411)
Loss for the period (unaudited)	-	-	-	(4,515)	(4,515)	(4)	(4,519)
Other comprehensive loss for the period (unaudited)	-	-	(3,009)	-	(3,009)	(20)	(3,029)
Total comprehensive loss for the period (unaudited)	-	-	(3,009)	(4,515)	(7,524)	(24)	(7,548)
At 30 June 2021 (unaudited)	3,178,754	62,077	6,137	(3,753,675)	(506,707)	(26,252)	(532,959)
At 1 January 2022 (audited)	3,178,754	62,077	6,427	(3,694,404)	(447,146)	(23,301)	(470,447)
Profit/(loss) for the period (unaudited)	-	-	-	326,154	326,154	(7,660)	318,494
Other comprehensive loss for the period (unaudited)	-	-	(6,693)	-	(6,693)	(1,236)	(7,929)
Total comprehensive income/(loss) for the period (unaudited)	-	-	(6,693)	326,154	319,461	(8,896)	310,565
Proceeds from share subscription (unaudited)	170,573	-	-	-	170,573	-	170,573
Proceed from open offer (unaudited)	65,212	-	-	-	65,212	-	65,212
Issued upon debt restructuring (unaudited)	22,800	-	-	-	22,800	-	22,800
Transfer from equity component of convertible bonds to accumulated losses (unaudited)	-	(62,077)	-	62,077	-	-	-
	258,585	(62,077)	-	62,077	258,585	-	258,585
At 30 June 2022 (unaudited)	3,437,339	-	(266)	(3,306,173)	130,900	(32,197)	98,703

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(72,036)	6,584
Cash flows from investing activities		
Interest received	151	7
Net cash generated from investing activities	151	7
Cash flows from financing activities		
Proceeds from new borrowings	–	2,500
Repayment of bank loan	(1,563)	(2,537)
Repayment of borrowings	(4,352)	(7,719)
Repayment of lease liabilities	(10,983)	(2,691)
Repayment of convertible bonds	(17,259)	–
Repayment of non-convertible bonds	(5,054)	–
Net proceeds from the share subscription	170,573	–
Net proceeds from the open offer	65,212	–
Net cash generated from/(used in) financing activities	196,574	(10,447)
Net increase/(decrease) in cash and cash equivalents	124,689	(3,856)
Effect of foreign exchange rate changes	(872)	(51)
Cash and cash equivalents at beginning of period	2,136	4,567
Cash and cash equivalents at end of period	125,953	660
Analysis of cash and cash equivalents		
Bank and cash balances	125,953	660

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 and shuttle bus 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 2021 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 2021 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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022 (“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 (the “Listing Rules”).

The Interim Financial Statements should be read in conjunction with the Group’s 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

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 2022. 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 2022 and 2021.

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 are excluded from such measurement.

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

Segment liabilities exclude other borrowings, tax payable 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 and shuttle bus services. Information about reportable segment profit or loss and segment assets:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from external customers	41,654	74,118
Segment result	(15,807)	11,283
Interest income on bank deposits	151	7
Other income	356,691	195
Unallocated expenses	(15,561)	(5,387)
Profit from operations	325,474	6,098
Finance cost	(6,980)	(10,617)
Profit/(loss) before tax	318,494	(4,519)
Income tax expense	-	-
Profit/(loss) for the period	318,494	(4,519)
	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
Segment assets	256,134	302,673
Segment liabilities	252,021	360,183

(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
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (audited)
PRC	41,654	74,118	206,934	142,814
	41,654	74,118	206,934	142,814

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\$19,406,000 (six months ended 30 June 2021: approximately HK\$10,770,000) was derived from two (six months ended 30 June 2021: one) independent customers from car rental and shuttle bus services 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.

	Six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Car rental and shuttle bus services income	41,654	74,118

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

6. OTHER INCOME

	Six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	151	7
Gain on debt restructuring (a)	316,649	–
Gain on disposal of subsidiary	37,624	–
Sundry income	2,418	195
	356,842	202

- (a) The gain on debt restructuring represents the aggregate amount of outstanding debt owed by the Company settled under the debt restructuring after haircut from the creditors and finance costs related to such outstanding loan incurred, less (i) the cash settlement paid to the creditors; and (ii) fair value of creditors shares issued by the Company. Details of the debt restructuring were disclosed in circular of the Company dated 31 December 2021.

7. FINANCE COST

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank charges	2	12
Interest expenses on borrowings		
– interest on convertible bonds	899	2,946
– interest on non-convertible bonds	905	2,715
– interest on lease liabilities	5,076	4,660
– interest on bank borrowings	69	159
– interest on other borrowings	29	125
	<u>6,980</u>	<u>10,617</u>

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2021: 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% (2021: 25%).

No income tax expenses has been provided since the Group has no assessable profit for the six months ended 30 June 2022 and 2021.

9. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Six months ended	
	30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' remuneration	2,293	1,620
Other staff salaries and benefits	21,677	23,008
Contributions to retirement benefit schemes	4,294	4,250
	28,264	28,878
Depreciation of property, plant and equipment	10,997	9,767
Depreciation of right-of-use assets	1,009	1,626

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately HK\$326,154,000 (2021: loss of approximately HK\$4,515,000) and the weighted average number of ordinary shares of 2,175,737,574 (2021: 641,177,050, restated as to reflect the impact of share consolidation took effect on 25 January 2022) in issue during the Current Period.

Diluted earnings/(loss) per share

No diluted earnings/(loss) per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2022 and 2021.

11. DIVIDENDS

The Directors do not declare the payment of any dividend in respect of the Current Period (six months ended 30 June 2021: nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the Current Period, no property, plant and equipment was acquired, disposed or written off by the Group (six months ended 30 June 2021: nil).

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:

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Within 30 days	3,414	7,409
31-90 days	8,611	10,488
91-365 days	11,879	31,694
Over 1 year	8,850	15,901
Less: Impairments	<u>(3,122)</u>	<u>(5,582)</u>
	<u>29,632</u>	<u>59,910</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Other receivables	43,021	5,408
Prepayments and deposits	<u>70,125</u>	<u>36,686</u>
	113,146	42,094
Impairment	<u>(2,324)</u>	<u>(2,324)</u>
	110,822	39,770
Non-current portion of prepayment	<u>(14,057)</u>	<u>(14,694)</u>
	<u>96,765</u>	<u>25,076</u>

15. OTHER PAYABLES AND ACCRUALS

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Other payables	127,104	145,868
Amount due to a director (Note)	6,454	5,338
Accruals	<u>21,404</u>	<u>38,677</u>
	<u>154,962</u>	<u>189,883</u>

Note: The amount due to a director is unsecured, interest free and repayable on demand.

16. BORROWINGS

	Notes	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Bank loan	(a)	1,433	2,996
Other loans	(b)	<u>46,121</u>	<u>66,222</u>
		<u>47,554</u>	<u>69,218</u>

Notes:

- (a) Bank loans are secured, bear an interest rate of 6.175% and are repayable on demand or within one year.
- (b) Other loans are unsecured, approximately HK\$40,321,000 (2021: HK\$6,250,000) bear interest rates range from 2% to 6.5%. The remaining balances are interest free and are repayable on demand or within one year.

17. 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 were 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. The outstanding principal amount was HK\$26,500,000, and outstanding interests was HK\$7,571,000. As at 30 June 2022, the liability component of the 2015CB was extinguished with the corresponding convertible bonds reserve was transferred to the accumulated losses while the liability component of the 2015CB was reclassified as other loans.

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 were 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. As at 30 June 2022, QDCB1 had been settled under the debt restructuring.

On 31 March 2017, the Company issued zero-coupon convertible bonds in the principal amount of HK\$13,220,018 (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 were 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. As at 30 June 2022, QDCB2 had been settled under the debt restructuring.

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 were 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. As at 30 June 2022, TMCB1 had been settled under the debt restructuring.

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

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Liability component		
At 1 January (audited)	265,086	259,693
Interest charged	899	5,393
Settled under debt restructuring	(231,914)	–
Extinguishment upon removal of the convertible options	(34,071)	–
	<hr/> –	<hr/> 265,086
At the end of period/year	<hr/> –	<hr/> 265,086

18. NON-CONVERTIBLE BONDS

The non-convertible bonds of the Company (the “Bonds”) were 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 shall 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 was payable annually in arrears.

	At 30 June 2022 HK\$’000 (unaudited)	At 31 December 2021 HK\$’000 (audited)
At beginning of the period/year	90,500	90,500
Interest charged	905	5,430
Interest payable classified to other payables	(905)	(5,430)
Settled under debt restructuring	(90,500)	—
At the end of the period/year	—	90,500

19. SHARE CAPITAL

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Issued and fully paid: 3,077,628,409 (2021: 6,411,770,500) ordinary shares	<u>3,437,339</u>	<u>3,178,754</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Notes	Number of shares issued	Share capital HK\$'000
At 1 January 2021 (audited), 31 December 2021 (audited) and 1 January 2022 (unaudited)		6,411,770,500	3,178,754
Shares consolidation	(a)	<u>(5,770,593,450)</u>	<u>–</u>
		641,177,050	3,178,754
Shares issued under share subscription	(b)	1,588,000,000	170,573
Shares issued under open offer	(c)	641,177,050	65,212
Shares issued under debt restructuring	(d)	<u>207,274,309</u>	<u>22,800</u>
At 30 June 2022 (unaudited)		<u>3,077,628,409</u>	<u>3,437,339</u>

Notes:

- (a) Effective on 25 January 2022, every ten issued ordinary shares of the Company were consolidated into one ordinary share of the Company (the “Consolidated Share”).
- (b) On 9 March 2022, the Company completed the allotment and issuance of a total of 1,588,000,000 ordinary shares to two subscribers at the subscription price of HK\$0.11 per subscription share raising a total proceeds of approximately HK\$170,573,000, net of share issue expenses of approximately HK\$4,107,000.
- (c) On 9 March 2022, the Company completed the allotment and issuance of a total of 641,177,050 ordinary shares by way of an open offer on the basis of one offer share for every one existing Consolidated Share held by the qualifying shareholders on 8 February 2022 at an offer price of HK\$0.11 per offer share. The Company raised a total proceeds of approximately HK\$65,212,000, net of share issue expenses of approximately HK\$5,317,000.
- (d) On 9 March 2022, the Company completed the allotment and issuance of a total of 207,274,309 ordinary shares (the “Creditors Shares”) to eleven creditors at the fair value amount of HK\$0.11 per creditors share resulting in increase in share capital of approximately HK\$22,800,000.

20. CONTINGENT LIABILITIES

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

	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Indemnity related to a former subsidiary	<u>7,146</u>	<u>7,469</u>

At the end of the reporting period, the Directors do not consider it probable that a claim will be made against the Group under the above possible claim.

21. PENDING LITIGATION

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

On 31 January 2019, the Company, First Concept Industrial Group Limited (“First Concept”) (a wholly-owned subsidiary of the Company at the time) 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. First Concept was disposed of in 2019.

22. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30 June	
	2022	2021
	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
Short term employee benefits	2,293	1,620

MANAGEMENT DISCUSSION AND ANALYSIS

Resumption of Trading

Trading in the Shares on the Stock Exchange has been suspended since 1 August 2016. On 5 August 2016, the Securities and Futures Commission of Hong Kong issued a direction pursuant to Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571V of the Laws of Hong Kong) to suspend the trading in the Shares from 1:00 p.m. on 5 August 2016.

After the new members of the Board and the management joined the Company, the Company submitted a proposal and a supplemental proposal for resumption of trading to the Stock Exchange on 19 June 2019 and 30 July 2019, respectively. The Restructuring and the transactions contemplated thereunder were approved at the general meeting of the Company held on 21 January 2022 (“GM”), and the independent shareholders of the Company passed by way of poll, amongst others, the resolutions regarding the Share Consolidation, the Subscription, the Debt Restructuring, the Open Offer and the Whitewash Waiver. Details of the Restructuring and the transactions contemplated thereunder, including the Share Consolidation, the Subscription, the Debt Restructuring, the Open Offer and the Whitewash Waiver, are set out in the circular of the Company dated 31 December 2021.

After years of unremitting efforts of the Directors and management of the Company and following the completion of the Restructuring, the Company made the announcement in relation to the fulfilment of resumption conditions and resumption of trading on 9 March 2022, and trading in the Shares on the Stock Exchange recommenced from 9:00 a.m. on 10 March 2022.

Actions Taken By The Company To Address Relevant Qualified Opinion

The auditors of the Company, ZHONGHUI ANDA CPA Limited (“Auditor”), had issued qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. The Company has taken actions to address the relevant audit qualifications as set out below:

Borrowings

There was no sufficient evidence provided to satisfy the Auditor, in relation to the existence, rights and obligations and valuation of the borrowings of approximately HK\$43,235,000 and HK\$42,257,000 as at 31 December 2021 and 2020 respectively.

The borrowings have subsequently been verified and there were defect on its existence, right, obligations and valuation. As a result, the Company, its relevant subsidiaries and the creditors of the borrowings have entered into legal documents, pursuant to which that the Company shall dispose the subsidiary which held all the borrowings to an independent third party with minimal consideration and all the repayment obligation of the Company shall be released. The disposal was completed on 11 February 2022. The subsidiary disposed of only held the borrowings and did not have any asset or business operation. Since the borrowings in the qualification is no longer in the books of the Group, the Auditor have agreed that this qualification will be removed in the auditor’s report for financial year ending 31 December 2023.

BUSINESS REVIEW AND OUTLOOK

The Group has been engaged in providing car rental and shuttle bus services through 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd*) (“TMTCC 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*) (“TMTCC Travel”, together with TMTCC Rental, “TMTCC Group”) since September 2016. TMTCC Group operates through two major subsidiaries, TMTCC Rental (an indirect wholly owned subsidiary of the Company) and TMTCC Travel (a 49% owned subsidiary of TMTCC Rental). To align with the current operation model and to implement management arrangements, on 1 September 2019, TMTCC Travel was consolidated into TMTCC Group’s account under HKFRS10 on the basis of full management control over TMTCC Travel by TMTCC Rental. For details, please refer to the announcement of the Company dated 2 March 2020. TMTCC Group owns 800 5- to 59-seater electric buses and fuel buses in total. For car rental and shuttle bus services, TMTCC Group provides (i) shuttle services between work places/schools and residential communities for employees/students of institutional customers; (ii) vehicle rental without chauffeur; and (iii) car rental with chauffeur for business and leisure travel and large government events based on the specific requirements on vehicle capacity, types of vehicles, point-to-point services, contracted bespoke services and routes/shuttle arrangements with specific timetables.

To address the environmental protection aspirations of the public and the local government, TMTCC Group has been purchasing battery electric vehicles (“BEVs”) for business operations since 2016. Up to the date of this interim report, TMTCC Group owns a relatively high proportion of BEVs to meet customer demand. Being much more environment friendly, BEVs are particularly well received and sought after by international schools when they contract services. Many renowned international educational institutions, multinational conglomerates and government agencies in Beijing are key customers of TMTCC Group.

* For identification purpose only

Since early 2022, COVID-19 outbreaks returned major cities in China following the gradual easing of the pandemic. As the capital, Beijing has been gravely affected due to its high population mobility with a fluid confluence of people from all over the country. Several districts in Beijing adopted lockdown and control measures successively from April to June 2022, and office buildings in many districts of the city implemented measures to prohibit office workers from accessing the working premises. Chaoyang District, Beijing, where the Group's office is located, was also affected and closed for a period of time. The employees of the Group had no choice but work from home, and found it very difficult to handle the Group's various business events across districts. As such, the daily operations of the Group were disrupted to a certain extent. Several international schools in Beijing, which are key customers of the Group, postponed the commencement of semester or switched to online teaching at home due to the impact of COVID-19. In addition, enterprises in Beijing were affected to varying degrees, and many corporate customers of the Group arranged for their staff to work from home during the epidemic, which reduced the utilization rate of TMTC Group's shuttle buses and thus greatly affected the Group's business development and normal operations. As a result, TMTC Group recorded a shrinking revenue in the first half of 2022. The life patterns of people across the globe are undergoing rapid changes and realignment amid the pandemic. Online working as well as working from home have evolved into a new pattern of working, and commuting needs and frequency have changed since then. We have observed that smaller vehicles were needed for commuting, requiring higher frequency, greater flexibility in time, and better service quality. These changes, however, will benefit TMTC Group in further unleashing its advantages and strengths. The Group will at present continue to strive to enhance the software and hardware of its fleet with a view to gaining further advantages in the fierce competition during the pandemic. With excellent management experience and an outstanding track record, we are committed to securing additional premium customers to boost our performance.

In addition, the Group has strived to expand the geographical coverage of its business, with particular focus on 1st tier cities and major tourist destinations in the PRC. During the reporting period, the Group has rolled out pilot projects with three local passenger transport companies with qualification certificate in vehicle transportation operation in Hangzhou and its surrounding areas. Unlike the Group's previous asset-intensive model of purchasing vehicles, the Group, by applying its advanced management theories and experience, provided operation services to enhance the overall operational efficiency of these local passenger transport companies, while the Group received management fees based on an agreed percentage of their operating revenue. Having considered the fierce competition in the passenger transportation market in the PRC, the Group is of the view that the pilot projects enable the Group to generate service income, and simultaneously acquire the local operation statistics without capital expenditure, which we believed can effectively reduce the risk during the business expansion of the Group.

On top of the Group's car rental and shuttle bus services, the management of the Group is vigorously developing other promising business lines to enhance its ability to resist risks, with a view to developing the Group into a diversified enterprise engaged in traditional and modern industries. The Group is preparing to conduct business in the fields of commercial freight and logistics transportation services (including commodity goods transportation such as iron ore and coal transportation as well as food products and supplies transportation), commodity trading, etc.

FINANCIAL REVIEW

Revenue, Cost and Gross Profit

The Group's revenue generated from the car rental and shuttle bus services business amounted to approximately HK\$41,654,000 for the Current Period, representing a decrease by approximately HK\$32,464,000 or 43.8% compared to the Corresponding Period which was approximately HK\$74,118,000.

The decrease in revenue for the Current Period due to the utilization of commutes buses and operation of the TMTTC Group were adversely affected during April to June 2022, when COVID-19 outbreak in Beijing. As several districts in Beijing adopted lockdown and control measures one after another. Some key customers of the TMTTC Group advocated for quarantine or avoid travelling under control measures or voluntary, several customers of international schools delayed term starts or request students attend class at home via online teaching, and some corporate customers allow their staff work from home.

The cost of revenue for the Current Period of approximately HK\$48,176,000 was decreased by approximately HK\$6,065,000 or 11.2%, compared to the cost of revenue of the Group for the Corresponding Period of approximately HK\$54,241,000. The decrease in cost was mainly due to the decrease in car parking expenses, fuel and electricity and repair and maintenance. Due to the fixed costs such as depreciation of vehicles and salaries of drivers, the revenue fall by more than the cost.

As a result, the Group recorded gross loss of approximately HK\$6,522,000 for the Current Period, gross profit of approximately HK\$19,877,000 for the Corresponding Period. Negative gross profit margin for the Current Period was 15.7% and gross profit margin for the Corresponding Period was 26.8%.

Other Income

Other income of the Group for the Current Period and Corresponding Period were approximately HK\$356,842,000 and HK\$202,000 respectively, representing an increase of approximately HK\$356,640,000. The increase in other income for the Current Period was in result of (a) gain on disposal of a wholly owned subsidiary with net liabilities and (b) gain on Debt Restructuring represents the aggregate amount of outstanding debt owed by the Company settled under the Debt Restructuring after haircut from the creditors and finance costs related to such outstanding loan incurred, less (i) the cash settlement paid to the creditors; and (ii) fair value of Creditors Shares issued by the Company.

Administrative and Other Operating Expenses

Administrative and other operating expenses for the Current Period and Corresponding Period were approximately HK\$24,846,000 and HK\$13,981,000 respectively, representing an increase of approximately HK\$10,865,000 or 77.7%. The increase was mainly in the result of the settlement of various expenses associated with the Open Offer, the Subscription and the Debt Restructuring, including service fees for financial advisers, legal advisers and other professional parties, and commissions for underwriter and placing agent of the Open Offer.

Finance cost

Finance cost of the Group for the Current Period amounted to approximately HK\$6,980,000, by decreasing of approximately HK\$3,637,000 or 34.2% compared to the Corresponding Period amounted to approximately HK\$10,617,000. The finance cost included interests charged on convertible bonds, non-convertible bonds, lease liabilities, bank borrowings and other borrowings. During the Current Period, part of liabilities of the Group were settled according to Debt Restructuring, and since then the related finance cost were no longer accrued.

Profit attributable to the owners of the Company

As a result of the aforesaid, the Group recorded favourable turnaround from loss to profit for the Current Period as compared with the Corresponding Period. The profit for the period and profit attributable to the owners of the Company for the Current Period were approximately HK\$318,494,000 and HK\$326,154,000 respectively. The loss for the period and loss attributable to the owners of the Company for the Corresponding Period were approximately HK\$4,519,000 and HK\$4,515,000 respectively.

Non-current Assets

The non-current assets were decreased by approximately HK\$20,484,000 from HK\$227,418,000 as at 31 December 2021 to HK\$206,934,000 as at 30 June 2022. The decrease in non-current assets was mainly attributable to the depreciation of property, plant and equipment and right-of-use assets.

Current Assets

The current assets were increased by approximately HK\$165,228,000 from HK\$87,122,000 as at 31 December 2021 to HK\$252,350,000 as at 30 June 2022. The increase in current assets was mainly attributable to: (i) the deposit paid by the Group to secure the operation right of local compliant passenger transport companies during the business expansion of the Group in other cities in PRC. The deposit is interest free and shall be recover in accordance with terms under respective agreements of the pilot projects; (ii) the prepayments amounted to approximately HK\$35,142,000 (equivalent to RMB30,000,000) was paid for purchasing resources products in formulating the Group's commodity trading business; and (iii) increase in bank and cash balances due to the unutilised proceeds from the Subscription and the Open Offer completed on 9 March 2022.

Total Liabilities

The total of non-current and current liabilities of the Group decreased by HK\$424,406,000 from approximately HK\$784,987,000 as at 31 December 2021 to HK\$360,581,000 as at 30 June 2022. The decrease was attributable to (a) partially performed debt restructuring by (i) repayment by cash from fund raising in the Subscription and Open Offer and (ii) settlement by the Creditors Shares according to the Debt Restructuring completed on 9 March 2022, and (b) settlement of bank loan and other borrowings by repayment. The realized hair-cut portions in settlement of liabilities is accounted for other income if the debts owed to the creditors are fully settled.

Net Current Liabilities and Net Assets

After the current liabilities were settled nearly 54% and the current assets increased in deposit and prepayment, which mentioned in the above “Current Asset” in this section, the net current liabilities decreased by HK\$589,097,000 from approximately HK\$696,202,000 as at 31 December 2021 and the Group recorded net current liabilities of approximately HK\$107,105,000 as at 30 June 2022.

The issuance of Shares and settlement of liabilities upon the Subscription, the Debt Restructuring and the Open Offer overturned the financial position of the Group from net liabilities of approximately HK\$470,447,000 as at 31 December 2021 to net assets of approximately HK\$98,703,000 as at 30 June 2022.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the Current Period, the Group finances its operations by cash flow from operating activities and gross proceeds from the Subscription and the Open Offer took place on 9 March 2022. The gross proceeds from the Subscription and the Open Offer amounted to approximately HK\$245.2 million in aggregate. As at 30 June 2022, the cash and bank balances of the Group amounted to approximately HK\$125,953,000 (31 December 2021: HK\$2,136,000).

As at 30 June 2022, the Group had current assets of approximately HK\$252,350,000 (31 December 2021: HK\$87,122,000), while its current liabilities were approximately HK\$359,455,000 (31 December 2021: HK\$783,324,000). The current ratio of the Group was approximately 0.7 times (31 December 2021: 0.11 times) and gearing ratio (debts/total assets) was 43.3% (31 December 2021:186.9%).

As at 30 June 2022, the issued share capital of the Company was approximately HK\$3,437,339,000 divided into 3,077,628,409 Shares.

The Subscription, the Open Offer and the Debt Restructuring are integral parts of the Resumption Proposal to facilitate Resumption. During the Current Period, the Company completed its restructuring including the Capital Reorganisation, the Subscription, the Debt Restructuring and the Open Offer. Details are as follows:

On 31 December 2021, a circular containing, among other things, a notice convening the GM held on 21 January 2022 and the information relating to (a) the Capital Reorganisation; (b) the Subscription; (c) the Open Offer; and (d) the Debt Restructuring, was despatched to the shareholders of the Company (the “Shareholders”). On 21 January 2022, resolutions as set out in the GM notice were duly passed by the Shareholders or independent Shareholders (as the case may be).

The Capital Reorganisation comprises the Share Consolidation and the Change in Board Lot Size. Every 10 issued existing Shares were consolidated into one Consolidated Share with effect from 25 January 2022 and the Change in Board Lot Size from 10,000 Shares to 20,000 Consolidated Shares took effect on 10 March 2022.

Subscription

On 30 July 2019, the Company entered into the Subscription Agreement (as supplemented by a supplemental agreement dated 29 September 2020) with Mr. Ji Kaiping (“Mr. Ji”) and Mr. Guo Peiyuan (“Mr. Guo”). On 24 February 2021, 24 June 2021 and 24 December 2021, the Company, Mr. Ji, Thousand Joy Limited (“First Subscriber”), Mr. Guo and Hontin Ocean Resources Limited (“Second Subscriber”) entered into the Revised Subscription Agreement to amend and restate the Subscription Agreement, pursuant to which 1,588,000,000 new Consolidated Shares (“Subscription Shares”) in aggregate will be subscribed by the First Subscriber and the Second Subscriber in which (i) the First Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 972,500,000 new Consolidated Shares; and (ii) the Second Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 615,500,000 new Consolidated Shares at the Subscription Price of HK\$0.11 per Subscription Share. The gross proceeds of the Subscription were HK\$174,680,000. The Subscription Price of HK\$0.11 per Subscription Share represents a discount of approximately 92.3% to the theoretical closing price of HK\$1.42 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK\$0.142 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 29 July 2016, being the last trading day of the Shares immediately prior to the suspension of trading of the Shares). The Subscription completed on 9 March 2022. The Subscription Shares were issued under a specific mandate obtained at the GM held on 21 January 2022. The net proceeds arising from the Subscription after deducting related expenses amounted to approximately HK\$170,573,000 (equivalent to a net price of approximately HK\$0.107 per Subscription Share).

Open Offer

As part of the fund raising plan under the Resumption Proposal, the Company and Emperor Securities Limited (“Underwriter”) entered into the Underwriting Agreement on 24 June 2021, and the Supplemental Underwriting Agreements on 20 September 2021, 20 October 2021 and 30 November 2021 respectively. Pursuant to the Underwriting Agreement (as supplemented by the Supplemental Underwriting Agreements) pursuant to which the Underwriter conditionally agreed to fully underwrite 641,177,050 Consolidated Shares at the offer price of HK\$0.11 per Offer Share on the basis of one Offer Share for every one then existing Consolidated Share held by Qualifying Shareholder on the Open Offer Record Date (i.e. 8 February 2022). The Offer Shares not taken up by the Qualifying Shareholders will first be placed out by the Placing Agent under the Unsubscribed Shares Arrangement, and any Untaken Shares will then be taken up by the Underwriter, sub-underwriter(s) or subscriber(s) procured by them. The gross proceeds of the Open Offer were HK\$70,529,475.5. The Offer Price of HK\$0.11 per Offer Share was the same as the Subscription Price. The Open Offer completed on 9 March 2022. The Offer Shares were issued under a specific mandate obtained at the GM held on 21 January 2022. The net proceeds arising from the Open Offer after deducting related expenses amounted to approximately HK\$65,212,000 (equivalent to a net price per Offer Share of approximately HK\$0.102). The Company intends to utilise the entire net proceeds from the Open Offer for the settlement of debt under the Debt Restructuring.

Details of the breakdown and description of the use of proceeds arising from the Subscription and the Open Offer are set out in the section headed “Use of Proceeds from Subscription and Open Offer” below.

As disclosed in the announcement of the Company dated 25 February 2022, a total of 7 valid applications had been received for a total of 108,260,129 Offer Shares as at 4:00 p.m. on 23 February 2022, representing approximately 16.88% of the total number of Offer Shares available for subscription under the Open Offer. The remaining 532,916,921 Unsubscribed Shares, representing approximately 83.12% of the total number of Offer Shares available for subscription under the Open Offer, were subject to the Unsubscribed Shares Arrangement. As at 4:00 p.m. on 4 March 2022, 4,360,000 Unsubscribed Shares had been placed by the Placing Agent. Accordingly, an aggregate of 528,556,921 Untaken Shares were taken up by the Underwriter/Sub-underwriters and their respective sub-underwriters and independent placees procured by them pursuant to the terms of the Underwriting Agreement. The results of the Open Offer was announced on 8 March 2022 and the Offer Shares had been issued and allotted on 9 March 2022.

On 9 March 2022, the Board announced that (i) all the conditions precedent to the Subscription had been fulfilled and 972,500,000 Subscription Shares and 615,500,000 Subscription Shares had been allotted and issued to the First Subscriber and the Second Subscriber, respectively in accordance with the terms of the Revised Subscription Agreement; and (ii) all the conditions precedent to the Debt Restructuring had been fulfilled and a total of 207,274,309 Creditors Shares had been allotted and issued to 11 Creditors under the Debt Restructuring.

Upon Completion of the Subscription, the Open Offer and the Debt Restructuring on 9 March 2022, the Company had fulfilled all the SFC Resumption Conditions and the Stock Exchange Resumption Conditions, trading in Shares resumed on 10 March 2022.

Capitalised terms used herein shall have the same meanings as those defined in the circular issued by the Company dated 31 December 2021, unless the context requires otherwise. For details, please refer to the announcements of the Company dated 21 January 2022, 25 January 2022, 25 February 2022, 8 March 2022 and 9 March 2022, the circular of the Company dated 31 December 2021 and the prospectus of the Company dated 9 February 2022.

USE OF PROCEEDS FROM SUBSCRIPTION AND OPEN OFFER

The Group has received gross proceeds from the Subscription and the Open Offer amounted to approximately HK\$245,200,000. After deducting underwriting fee, legal and professional fee and other related expenses, upon the completion of the Subscription, the Open Offer and the Debt Restructuring on 9 March 2022, the Group has received net proceeds of approximately HK\$235,785,000 (“Net Proceeds”).

The Net Proceeds were applied up to 30 June 2022 in accordance with the proposed applications set out in the sub-section headed “Use of Proceeds” under the section headed “Reasons for the Subscription, the Debt Restructuring and the Open Offer and use of proceeds” in the Company’s circular dated 31 December 2021 as follows:

	Net Proceeds			Expected timeline for the unutilised Net Proceeds
	Planned HK\$’000	Utilised HK\$’000	Unutilised HK\$’000	
Settlement of debt under the Debt Restructuring	160,000	37,799	122,201	Year 2022-2023
Business expansion	51,185	50,275	910	Year 2022
General working capital	24,600	23,286	1,314	Year 2022
Total	<u>235,785</u>	<u>111,360</u>	<u>124,425</u>	

The Net Proceeds were used according to the intentions previously disclosed by the Company. Nevertheless, the Directors will constantly evaluate the Group’s business objectives and may change or modify the plan against changing market conditions to ascertain the business growth of the Group.

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 2022 and did not have any significant investments held as at 30 June 2022.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2022, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 30 June 2022, 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 2022. 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 2022, the Group had 451 employees (including the Directors) in Hong Kong and the PRC (31 December 2021: 530). Information of staff cost for the Current Period is set out in note 9 to the condensed consolidated interim financial statements. 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 reviewed 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. The Group continues to provide necessary employee training on regular basis in order to maintain the quality of business operation and services to customers. There has been no major change in staff utilized policies during the six months ended 30 June 2022.

UPDATE OF A LITIGATION

On 31 January 2019, the Company, First Concept Industrial Group Limited (“First Concept”) (a wholly-owned subsidiary of the Company at the time) 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. First Concept was disposed of in 2019.

BORROWINGS AND CHARGES ON THE GROUP’ S ASSETS

As at 30 June 2022, the Group recorded the borrowings of approximately HK\$47,554,000 (31 December 2021: HK\$69,218,000) in which of approximately HK\$1,433,000 (31 December 2021: HK\$2,996,000) represents loan from bank and bears interest rate of 6.175% per annum with motor vehicles in carrying amount of approximately HK\$8,482,000 (31 December 2021: approximately HK\$9,477,000) being pledged to secure the bank loan. All borrowings are repayable on demand or within one year.

CAPITAL COMMITMENTS

The Group had no significant capital commitments outstanding as at 30 June 2022 and 31 December 2021.

CONTINGENT LIABILITIES

Details of contingent liabilities were disclosed in note 20 to the condensed consolidated interim financial statements.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period and up to the date of this interim report.

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 2022, 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")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Ji Kaiping ("Mr. Ji")	Interest of a controlled corporation	972,500,000 (Note 1)	31.60%
Guo Peiyuan ("Mr. Guo")	Interest of a controlled corporation	615,500,000 (Note 2)	20.00%
Ma Wenjing	Beneficial Owner	42,600,000	1.38%
Qiu Keshan	Beneficial Owner	3,140,000	0.10%

Notes:

- (1) Such Shares were registered in the name of Thousand Joy Limited (“Thousand Joy”), a company wholly owned by Mr. Ji. By virtue of the provisions of Part XV of the SFO, Mr. Ji is deemed to be interested in all the Shares held by Thousand Joy. Mr. Ji is a director of Thousand Joy.
- (2) Such Shares were registered in the name of Hontin Ocean Resources Limited (“Hontin Ocean”), a company wholly owned by Mr. Guo. By virtue of the provisions of Part XV of the SFO, Mr. Guo is deemed to be interested in all the Shares held by Hontin Ocean. Mr. Guo is a director of Hontin Ocean.

Save as disclosed above, as at 30 June 2022, none of the Directors and/or chief executive of the Company or 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 (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 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. The aforesaid refreshed scheme limit was adjusted from 372,096,700 Shares to 37,209,670 Shares for the effect of the Share Consolidation with effect from 25 January 2022.

There was no outstanding share options granted under the Share Option Scheme as at 30 June 2022. No option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2022.

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

At 30 June 2022, 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	Approximately percentage of total number of Shares in issue
Thousand Joy	Beneficial Owner	Long position	972,500,000 (Note 1)	31.60%
Hontin Ocean	Beneficial Owner	Long position	615,500,000 (Note 2)	20.00%

Notes:

- (1) Thousand Joy is wholly owned by Mr. Ji.
- (2) Hontin Ocean is wholly owned by Mr. Guo.

Save as disclosed above, as at 30 June 2022, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2022 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 close 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 2022.

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2022.

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 principles and code provisions of the Corporate Governance Code ("CG Code") as set out in Part 2 of Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. During the six months ended 30 June 2022, 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
C.1.8	The Company requested insurance companies to provide relevant insurance but is given to understand such insurance can only be obtained after resumption of trading in the Shares on the Stock Exchange ("Resumption"). Immediately upon the Resumption, the Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities with effect from 24 March 2022.
C.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 Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 30 June 2022 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

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 2022.

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 six months ended 30 June 2022.

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

Hong Kong, 26 August 2022

As at the date of this report, the executive Directors are Mr. Ji Kaiping (Chairman), Mr. Guo Peiyuan, Ms. Mao Na, Ms. Ma Wenjing and Mr. Qiu Keshan, 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.