NATIONAL UNITED RESOURCES HOLDINGS LIMITED
國家聯合資源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

ANNUAL RESULTS

The board (the "Board") of directors (the "Director(s)") of National United Resources Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018, which have been reviewed by the audit committee of the Company (the "Audit Committee") together with the comparative figures for the corresponding period in the year 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*3*	**54,697**	58,566
Cost of sales		**(12,369)**	(25,638)
Gross profit		**42,328**	32,928
Other income		**15,619**	3,956
Administrative and other operating expenses		**(22,841)**	(122,334)
Profit/(loss) from operations		**35,106**	(85,450)

	Notes	2018 HK$'000	2017 HK$'000
Profit/(loss) from operations		**35,106**	(85,450)
Finance cost	*5*	**(51,753)**	(52,790)
Fair value loss of derivative instruments		**–**	(276)
Reversal of impairment losses on property, plant and equipment		**1,339**	1,842
Impairment losses on intangible assets		**–**	(497)
Loss before tax		**(15,308)**	(137,171)
Income tax expense	*6*	**–**	–
Loss for the year	*7*	**(15,308)**	(137,171)
Attributable to:			
Owners of the Company		**(14,673)**	(131,036)
Non-controlling interests		**(635)**	(6,135)
		(15,308)	(137,171)
Loss per share attributable to owners of the Company	*8*		
Basic *(HK cents per share)*		**(0.23)**	(2.04)
Diluted *(HK cents per share)*		**(0.23)**	(2.04)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**2018**	2017
		HK$'000	*HK$'000*
Loss for the year	*7*	**(15,308)**	(137,171)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**11,275**	(5,422)
Total comprehensive loss for the year		**(4,033)**	(142,593)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(3,048)**	(136,646)
Non-controlling interests		**(985)**	(5,947)
		(4,033)	(142,593)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**168,491**	189,355
		168,491	189,355
Current assets			
Trade receivables	*9*	**559**	438
Prepayments, deposits and other receivables		**195,117**	165,446
Bank and cash balances		**1,119**	6,580
		196,795	172,464
Current liabilities			
Trade payables	*10*	**38,590**	38,605
Other payables and accruals		**237,795**	248,199
Borrowings	*11*	**159,035**	167,240
Convertible bonds	*12*	**232,551**	198,920
Non-convertible bonds		**90,500**	90,352
Finance lease payables		**19,692**	8,710
Tax payable		**22,651**	23,276
		800,814	775,302
Net current liabilities		**(604,019)**	(602,838)
Total assets less current liabilities		**(435,528)**	(413,483)

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Non-current liabilities			
Finance lease payables		**163,860**	181,872
		163,860	181,872
NET LIABILITIES		**(599,388)**	(595,355)
Capital and reserves			
Share capital		**3,178,754**	3,178,754
Reserves		**(3,778,158)**	(3,775,112)
Equity attributable to owners of the Company		**(599,404)**	(596,356)
Non-controlling interests		**16**	1,001
TOTAL EQUITY		**(599,388)**	(595,355)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2018 and 2017 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company will deliver the financial statements for the year ended 31 December 2017 and 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. ZHONGHUI ANDA CPA Limited has reported on those financial statements of the Group for the years ended 31 December 2017 and 2018. The auditor disclaimed their opinion in the auditor's reports both dated 9 July 2019; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance; and contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance.

Going concern

The Group incurred a loss attributable to owners of the Company of approximately HK$15,308,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group had net current liabilities of approximately HK$604,019,000 and net liabilities of approximately HK$599,388,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

Deconsolidation of subsidiaries

The financial statements have been prepared based on the books and records currently maintained by the Group. However, due to the loss of contact with former directors, the directors of the Company (the "Directors") considered that the control over the following subsidiaries has been lost from 1 January 2016. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group from 1 January 2016:

山東耀齊經貿有限公司(formerly known as: 山東創先投資諮詢有限公司)
深圳市星星雨傳媒有限公司
北京創先智尚資產管理有限公司
北京市潮順信息諮詢有限公司
北京巨屏傳媒廣告有限公司
國合源融資租賃有限公司
山東國源國際貿易有限公司
蘊翰(上海)投資管理有限公司
北京凱大瑞馳投資管理有限公司
昌吉州寧常鋁業有限公司
遐興(上海)投資管理有限公司
北京凱大駿博科技有限公司
深圳市臻輝文化發展有限公司

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

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

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

3. REVENUE

The principal activities of the Group are car rental.

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

	2018	2017
	HK$'000	*HK$'000*
Car rental income	**54,697**	35,748
Trading service fee income	**–**	22,818
	54,697	58,566

4. OPERATING SEGMENT INFORMATION

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

Car rental	–	provision of car rental services
Resources trading	–	trading of coking coal, aluminium rod and fuel oil
Online platform	–	provision of online platform for the trading and deferred spot delivery services of precious metals

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest and other income, finance costs, unallocated corporate expenses, share option expenses as well as share of profits and losses of associates are excluded from such measurement.

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

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

During the years ended 31 December 2018 and 2017, there were no inter-segment sales.

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

	Car rental *HK$'000*	Online platform *HK$'000*	Resources trading *HK$'000*	Total *HK$'000*
Year ended 31 December 2018				
Revenue from external customers	**54,697**	**–**	**–**	**54,697**
Segment result	**35,446**	**(1,709)**	**(7,520)**	**26,217**
Interest income on bank deposits				**39**
Other income				**15,580**
Unallocated expenses				**(6,730)**
Loss from operations				**35,106**
Reversal of impairment losses on property, plant and equipment				**1,339**
Finance cost				**(51,753)**
Loss before tax				**(15,308)**
Income tax expense				**–**
Loss for the year				**(15,308)**
Depreciation and amortisation	**11,126**	**310**	**1,660**	**13,096**
Capital expenditure	**248**	**–**	**–**	**248**
As at 31 December 2018				
Segment assets	**205,093**	**4,438**	**84,053**	**293,584**
Unallocated assets				**71,702**
				365,286
Segment liabilities	**(321,156)**	**(1,642)**	**(74,549)**	**(397,347)**
Unallocated liabilities				**(567,327)**
				(964,674)

	Car rental	Online platform	Resources trading	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2017				
Revenue from external customers	35,748	22,818	–	58,566
Segment result	(16,130)	(16,926)	(38,395)	(71,451)
Interest income on bank deposits				158
Other income				3,798
Unallocated expenses				(17,955)
Loss from operations				(85,450)
Finance cost				(52,790)
Fair value loss of derivative instruments				(276)
Reversal of impairment losses on property, plant and equipment				1,842
Impairment losses on intangible assets				(497)
Loss before tax				(137,171)
Income tax expense				–
Loss for the year				(137,171)
Depreciation and amortisation	8,817	454	1,661	10,932
Capital expenditure	78,323	505	–	78,828
As at 31 December 2017				
Segment assets	231,020	6,363	96,124	333,507
Unallocated assets				28,312
				361,819
Segment liabilities	(346,546)	(1,692)	(74,549)	(422,787)
Unallocated liabilities				(534,387)
				(957,174)

(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 Year ended 31 December		Non-current assets As at 31 December	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**54,697**	58,566	**162,819**	183,361
Mongolia	**–**	–	**5,672**	5,994
	54,697	58,566	**168,491**	189,355

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

5. FINANCE COST

	2018	2017
	HK$'000	*HK$'000*
Bank charges	**46**	–
Interest expenses on borrowings		
– interest on convertible bonds	**33,631**	32,612
– interest on non-convertible bonds	**5,815**	6,566
– interest on finance lease	**12,131**	13,115
– interest on other borrowings	**130**	97
– interest on bank borrowings	**–**	400
	51,753	52,790

6. INCOME TAX EXPENSE

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

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

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

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(15,308)**	(137,171)
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	**(2,526)**	(22,633)
Effect of different tax rates of subsidiaries operating in the PRC	**(3,160)**	3,894
Expenses not deductible for tax	**6,311**	6,268
Tax losses not recognised	**(625)**	12,471
	–	–

7. LOSS FOR THE YEAR

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

	2018	2017
	HK$'000	*HK$'000*
Depreciation	**13,096**	10,932
Auditor's remuneration	**800**	800
Minimum lease payments under operating lease in respect of:		
– land and buildings	**1,455**	2,563
Staff costs (including Directors' remuneration):		
– salaries, bonuses and allowances	**1,445**	4,046
– retirement benefits scheme contributions	**62**	197
	1,507	4,243

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$14,673,000 (2017: HK$131,036,000) and the weighted average number of ordinary shares of 6,411,770,500 (2017: 6,411,770,500) in issue during the year.

Diluted earning per share

No diluted loss per share for the years ended 31 December 2018 and 2017 is presented as the effects of all convertible bonds and options are anti-dilutive for the years.

9. TRADE RECEIVABLES

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**559**	438
Over 1 year	**770**	770
Less: Impairments	**(770)**	(770)
	559	438

10. TRADE PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
Over 1 year	**38,590**	38,605
	38,590	38,605

11. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Other loans	**159,035**	167,240

All borrowings are repayable on demand or within one year.

12. CONVERTIBLE BONDS

On 27 October 2015, the Company issued a convertible bonds in the principal amount of HK$65,735,900 which bear interest rate of 4.5% per annum. (the "2015CB"). The 2015CB are convertible into ordinary shares of the Company within 24 months from the date of issue at a conversion price of HK$0.265 per conversion share (subject to adjustment), and a maximum of 248,060,000 conversion shares can be issued. At 31 December 2018, the outstanding principal amount are HK$26,500,000.

On 10 November 2015, the Company issued a zero-coupon convertible bonds in the principal amount of HK$120,000,000 (the "QDCB1") as part of the consideration for the acquisition of 70% equity interest in the entire issued share capital of Million Fortune International Investment Limited. The QDCB1 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK$0.40 per conversion share (subject to adjustment), and a maximum of 300,000,000 conversion shares can be issued. All the QDCB1 will be redeemed by the Company at par on 9 November 2018. At 31 December 2018, the outstanding principal amount are HK$55,580,000.

On 31 August 2016, the Company issued a convertible bonds in the principal amount of HK$140,000,000 (the "TMCB1") which bear interest rate of 3% per annum as part of the consideration for the acquisition of 100% equity interest in the entire issued share capital of Gear World Development Limited. The TMCB1 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK$0.30 per conversion share (subject to adjustment), and a maximum of 466,666,666 conversion shares can be issued. At 31 December 2018, the outstanding principal amount are HK$140,000,000.

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

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

	2015CB	**QDCB1**	**QDCB2**	**TMCB1**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Liability component					
At 1 January 2017	24,652	38,828	–	94,488	157,968
At date of issue	–	–	8,340	–	8,340
Interest charged	4,449	8,042	1,029	19,092	32,612
At 31 December 2017 and 1 January 2018	29,101	46,870	9,369	113,580	198,920
Interest charged	1,192	8,711	1,548	22,180	33,631
Liability component at 31 December 2018	30,293	55,581	10,917	135,780	232,551
Portion classified as current liabilities	(30,293)	(55,581)	(10,917)	(135,780)	(232,551)
Non-current portion	–	–	–	–	–

The interest charged for the year of 2015CB, QDCB1, QDCB2 and TMCB1 are calculated by applying an effective interest rate of 19.16%, 19.74%, 15.9% and 19.76% to the liability component respectively.

13. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the years ended 31 December 2018 and 2017.

14. CONTINGENT LIABILITIES

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

	2018	2017
	HK$'000	*HK$'000*
Indemnity related to a former subsidiary	**6,920**	7,313

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of National United Resources Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on the 2018 annual report, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Disclaimer of Opinion

1. *Certain opening balances and corresponding figures*

   Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2017 (the "2017 Financial Statements"), which form the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 9 July 2019. Accordingly, we were then unable to form an opinion on the 2017 Financial Statements.

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

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

For the year ended 31 December

	2018	2017
	HK$'000	*HK$'000*
Income and expenses:		
Administrative expenses	**–**	(36,734)
Loss and total comprehensive expenses for the year	**–**	(36,734)

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Assets and liabilities:		
Prepayments, deposits and other receivables	**634**	634
Bank and cash balances	**925**	925
Trade payables	**(38,266)**	(38,266)
Other payables and accruals	**(39,724)**	(39,724)
Net liabilities	**(76,431)**	(76,431)

3. *Loss on deconsolidation of the subsidiaries*

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

4. *Impairment losses on interests in associates*

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

5. *Borrowings*

No sufficient evidence has been provided to satisfy ourselves, in relation to the existence, rights and obligations and valuation of the borrowings of approximately HK$40,535,000 and HK$42,467,000 as at 31 December 2018 and 2017 respectively.

6. *Going Concern*

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK$15,308,000 for the year ended 31 December 2018 and as at 31 December 2018 the Group has net current liabilities and net liabilities of approximately HK$604,019,000 and HK$599,388,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Any adjustments to the figures as described from points 1 to 5 above might have a significant consequential effect on the Group's results and cash flows for the years ended 31 December 2018 and 2017 and the financial positions of the Group as at 31 December 2018 and 2017, and the related disclosures thereof in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year of 2018, The Group has engaged in business and reportable segment as follows:

(i) Car rental

The Group engages in (i) shuttle bus services for employees/students of institutional customers between the working places/schools to different residential communities by conventional energy vehicles and/or electric buses; (ii) car rental services without chauffeured service; and (iii) car rental services for different business and leisure purpose such as pick-up services requested by the institutional or individual customers. The revenue from this business has been recorded since September 2016. The total revenue was increased for the year ended 31 December 2018 due to the increment in the number of buses leased.

(ii) Online platform

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

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

(iii) Resources trading

The Group had diversified its resources and business to trading of coking coal. The Group encountered downward trend for the past few years in this business segment. The coal market continued to diminish and coal price remained at a low level due to ongoing sluggish demand and the stricter environmental protection governance.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS HELD

The Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2018 and did not have any significant investments held as at 31 December 2018.

FINANCIAL REVIEW

The business of the Group has remained unchanged for the year 2018, consecutively operating the provision of car rental services and tour bus services including shuttle bus services for business and leisure purposes as well as related value-added services in the PRC by 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd*) ("TMTC"), a wholly-owned subsidiary of the Company, 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", the "TMTC Group"), a 49%-owned associate of TMTC.

The revenue of the Group decreased from approximately HK$58.6 million for the year ended 31 December 2017 to approximately HK$54.7 million for the year ended 31 December 2018, representing a decrease of approximately 6.6%. Such decrease was mainly due to the effect on decrease in revenue from online platform by HK$22.8 million, caused of termination of operation in 2017, greater than the effect from car rental income increased by HK$18.9 million for the year 2018 caused by the increment in the number of buses leased by the Group to TMTC Travel, as compared to the year 2017. The gross profit increased from approximately HK$32.9 million for the year ended 31 December 2017 to approximately HK$42.3 million for the year ended 31 December 2018, representing an increase of approximately 28.5% and the gross profit margin increased from approximately 56.2% to approximately 77.4%.

Moreover, the Group recorded a substantial decrease in loss for the year from approximately HK$137.2 million for the year ended 31 December 2017 to approximately HK$15.3 million for the year ended 31 December 2018, which was mainly attributed to a more effective cost control on administrative and other operating expenses and finance cost for the year ended 31 December 2018.

The non-current assets were decreased by HK$20.8 million from HK$189.3 million as at 31 December of 2017 to HK$168.5 million as at 31 December 2018. The whole combined effect of the non-current assets were attributable to property, plant and equipment, which 100% of non-current assets has been denominated in RMB. The net exchange differences of HK$11.7 million, deprecation charged of HK$13.1 for the year 2018 and addition of motor vehicle and trucks of approximately HK$248,000 caused the decrease in non-current assets.

The current assets of the Group increased from approximately HK$172.5 million as at 31 December 2017 to approximately HK$196.8 million as at 31 December 2018 which was mainly due to the increase in amount due from an associate while the TMTC Group operating its business. The amount due is expected to be settled within 12 months.

The current liabilities of the Group increased from approximately HK$775.3 million as at 31 December 2017 to approximately HK$800.8 million as at 31 December 2018 which was mainly due to the imputed interest charged in convertible bonds during the year of 2018, which resulted in the increase in carrying amount of convertible bonds and the reclassification from non-current liabilities to current liabilities in view of the maturity date of the relevant convertible bonds.

As a result, the Group recorded an increase of net current liabilities from approximately HK$602.8 million as at 31 December 2017 to approximately HK$604.0 million as at 31 December 2018, and net liabilities from approximately HK$595.4 million as at 31 December 2017 to approximately HK$599.4 million as at 31 December 2018.

CAPITAL STRUCTURE

As at 31 December 2018, the issued share capital of the Company was HK$3,178,754,000 divided into 6,411,770,500 shares (the "Shares").

During the year ended 31 December 2018, the Group financed its operations by cash flow from operating activities. As at 31 December 2018, the cash and bank balances of the Group amounted to approximately HK$1.1 million (31 December 2017: HK$6.6 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, The Group had current assets of approximately HK$196.8 million (2017: HK$172.5 million), while its current liabilities were approximately HK$800.8 million (2017: HK$775.3 million). The current ratio of the Group was approximately 0.2 times (2017: 0.2 times) and gearing ratio (total debt/total equity) was nil (2017: nil).

As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$1.1 million (2017: HK$6.6 million).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2018, the majority of the Group's income and expenses were denominated in Renminbi ("RMB") and Hong Kong dollars. Up to 31 December 2018, the management of the Company was of the opinion that the Group has insignificant exposure to foreign exchange risk. As a result, the Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the year ended 31 December 2018. Nevertheless, the management of the Company will closely monitor and from time to time reassess the exchange risk exposures of the Group and enter into non-speculative hedging arrangements if considered necessary.

EMPLOYEE INFORMATION

As at 31 December 2018, the Group had 779 employees (including Directors) in Hong Kong and the PRC (31 December 2017: 692 employees). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire shares of the Company. There has been no major change in staff utilized policies during the year ended 31 December 2018.

BORROWINGS

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

CAPITAL COMMITMENTS

The Group had no significant capital commitments outstanding as at 31 December 2018.

CHARGE ON GROUP ASSETS

As at 31 December 2018, the Group pledged property, plant and equipment with the net carrying account of approximately HK$109.1 million to secure the finance lease payables of approximately HK$183.6 million. As at 31 December 2017, the Group pledged property, plant and equipment with the net carrying account of approximately HK$122.8 million to secure the finance lease payables of approximately HK$190.6 million.

CONTINGENT LIABILITIES

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

EVENT AFTER THE REPORTING PERIOD – SUSPENSION OF TRADING OF SHARES

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

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

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

OUTLOOK

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

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

Under the challenging economic situation in the PRC, the Group currently has committed simplifying group structures not only to enhance efficiency on executive and administrative hierarchy but also to put existing resources in generate profit in priority. The Group's suppliers, customers and operating activities mainly situated in the PRC. The domestic economic changes would affect the business of the Group. The current situation of global trading issue may not directly affect the Group's business. However, any adverse changes of economic in the PRC in any financially significant export/import industry, the domino effect would finally bring the negative result to the Group in long run, since the income from TMTC Group is sourced from various types of institutional customers, most of them are multinational corporations or international schools with branches or offices in Beijing.

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

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2018, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations explained below.

The code provisions	**Reasons for the non-compliance and improvement actions took or to be taken**
A.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 year ended 31 December 2018.
A.2.1	Since Mr. Yang Fan resigned as chairman of the Board (the "Chairman") on 19 May 2015, the Company had not appointed any individual to take up the post of the Chairman and role and functions of Chairman have been performed by all the executive Directors collectively until the appointment of Mr. Ji Kaiping as the Chairman on 29 November 2018. Up to the date of this results announcement, the Company has not appointed a chief executive officer and role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.

A.2.5	The Company was not in compliance with certain code provisions as set out in the CG Code since suspension in trading of the Company's shares with effect from 1 August 2016. The Chairman has confirmed that he will take active action to improve and monitor the corporate governance practice of the Group.
A.2.7	During the year ended 31 December 2018, a formal meeting could not be arranged between Mr. Ji Kaiping, who was appointed as Chairman on 29 November 2018, and the non-executive Directors (including independent non-executive Directors) without the other executive Director present due to their tight schedules. The Chairman held a meeting with all independent non-executive Directors without the presence of other Directors on 8 May 2019.
A.5.1	Due to insufficient number of independent non-executive Directors and the vacancy of the office of the Chairman, the composition of the nomination committee of the Company (the "Nomination Committee") was not in compliance with the code provision A.5.1 of the CG Code until the Company appointed Mr. Ji Kaiping, the Chairman, as chairman of the Nomination Committee and Mr. Li Wen and Mr. Qiu Ke, independent non-executive Directors, as members of the Nomination Committee on 29 November 2018 (the aforesaid appointment took effect from 3 December 2018).
C.1.2	The management of the Company did not provide a regular monthly update to the members of the Board, but the management keeps providing information and update to the members of the Board irregularly.

C.2.1 The Company did not conduct an annual review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2018.

On 25 January 2019, the Company engaged Netis Advisory Limited as its internal control adviser. The draft internal control review report has been made available to the Company and the Company is considering the draft internal control review report and the recommendations therein.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct for securities transactions by the Directors. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018.

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 31 December 2018.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: nil).

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the ended 31 December 2018.

AUDIT COMMITTEE

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 Group's consolidated financial statements for the year ended 31 December 2018 have been reviewed by the Audit Committee.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2018. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the year ended 31 December 2018 is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.nur.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

CONTINUED SUSPENSION OF TRADING OF THE SHARES

Trading in the Shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 1 August 2016, remains suspended and will continue to be so until further notice.

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

Hong Kong, 9 July 2019

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

* *For identification purpose only*