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NATIONAL UNITED RESOURCES HOLDINGS LIMITED

國家聯合資源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “**Board**”) of directors (the “**Directors**”) of National United Resources Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated results of the Company for the six months ended 30 June 2021.

This announcement, containing the full text of the 2021 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Director

Mr. An Jingwen

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. Chan Pui Shan, Bessie

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Ji Kaiping
Ms. Chan Pui Shan, Bessie

LEGAL ADVISOR

Baker & McKenzie
Lau, Horton & Wise LLP

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKER

Industrial and Commercial Bank of
China (Asia) Limited

REGISTERED OFFICE

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STOCK CODE

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 2021 (the “Current Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
	Notes	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (unaudited)
Revenue	5	74,118	61,737
Cost of sales		<u>(54,241)</u>	<u>(50,378)</u>
Gross profit		19,877	11,359
Other income	6	202	273
Administrative and other operating expenses		<u>(13,981)</u>	<u>(13,944)</u>
Profit/(Loss) from operations		6,098	(2,312)
Finance cost	7	<u>(10,617)</u>	<u>(8,360)</u>
Loss before tax		(4,519)	(10,672)
Income tax expense	8	<u>–</u>	<u>–</u>
Loss for the period	9	<u>(4,519)</u>	<u>(10,672)</u>
Attributable to:			
Owners of the Company		(4,515)	(9,936)
Non-controlling interests		<u>(4)</u>	<u>(736)</u>
		<u>(4,519)</u>	<u>(10,672)</u>
Loss per share attributable to owners of the Company	10		
Basic (HK cents per share)		<u>(0.07)</u>	<u>(0.15)</u>
Diluted (HK cents per share)		<u>(0.07)</u>	<u>(0.15)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended	
	30 June	
	2021	2020
	HK\$' 000	HK\$' 000
	(unaudited)	(unaudited)
Loss for the period	(4,519)	(10,672)
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(3,029)</u>	<u>924</u>
Total comprehensive loss for the period	<u>(7,548)</u>	<u>(9,748)</u>
Total comprehensive loss for the period attributable to:		
Owners of the Company	<u>(7,524)</u>	<u>(9,137)</u>
Non-controlling interests	<u>(24)</u>	<u>(611)</u>
	<u>(7,548)</u>	<u>(9,748)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$' 000 (unaudited)	As at 31 December 2020 HK\$' 000 (audited)
Non-current assets			
Property, plant and equipment	12	99,720	109,804
Right-of-use assets		84,860	88,987
Deferred tax asset		6,923	6,859
Intangible assets		180	238
Goodwill		36,885	36,547
		<u>228,568</u>	<u>242,435</u>
Current assets			
Trade receivables	13	46,049	52,912
Prepayments, deposits and other receivables	14	46,738	27,453
Bank and cash balances		660	4,567
		<u>93,447</u>	<u>84,932</u>
Current liabilities			
Other payables and accruals	15	177,068	171,360
Borrowings	16	154,569	160,476
Convertible bonds	17	262,639	259,693
Non-convertible bonds	18	90,500	90,500
Lease liabilities		156,579	154,644
Tax payable		4,650	5,333
		<u>846,005</u>	<u>842,006</u>
Net current liabilities		<u>(752,558)</u>	<u>(757,074)</u>
Total assets less current liabilities		<u>(523,990)</u>	<u>(514,639)</u>

	Notes	As at 30 June 2021 HK\$' 000 (unaudited)	As at 31 December 2020 HK\$' 000 (audited)
Non-current liabilities			
Lease liabilities		<u>8,969</u>	<u>10,772</u>
		<u>8,969</u>	<u>10,772</u>
NET LIABILITIES		<u>(532,959)</u>	<u>(525,411)</u>
Capital and reserves			
Share capital	19	<u>3,178,754</u>	3,178,754
Reserves		<u>(3,685,461)</u>	<u>(3,677,937)</u>
Equity attributable to owners of the Company		<u>(506,707)</u>	(499,183)
Non-controlling interests		<u>(26,252)</u>	<u>(26,228)</u>
TOTAL EQUITY		<u>(532,959)</u>	<u>(525,411)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 2020 (audited)	3,178,754	62,077	9,434	(3,785,886)	(535,621)	(28,153)	(563,774)
Loss for the period	-	-	-	(9,936)	(9,936)	(736)	(10,672)
Other comprehensive income for the period	-	-	799	-	799	125	924
Total comprehensive income/(loss) for the period	-	-	799	(9,936)	(9,137)	(611)	(9,748)
At 30 June 2020 (unaudited)	3,178,754	62,077	10,233	(3,795,822)	(544,758)	(28,764)	(573,522)
At 1 January 2021 (audited)	3,178,754	62,077	9,146	(3,749,160)	(499,183)	(26,228)	(525,411)
Loss for the period	-	-	-	(4,515)	(4,515)	(4)	(4,519)
Other comprehensive loss for the period	-	-	(3,009)	-	(3,009)	(20)	(3,029)
Total comprehensive loss for the period	-	-	(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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$' 000	HK\$' 000
	(unaudited)	(unaudited)
Net cash generated from operating activities	6,584	3,173
Cash flows from investing activities		
Interest received	7	7
Net cash generated from investing activities	7	7
Cash flows from financing activities		
Proceeds from new borrowings	2,500	–
Repayment of bank loan	(2,537)	(323)
Repayment of borrowings	(7,719)	–
Repayment of lease liabilities	(2,691)	(4,379)
Net cash used in financing activities	(10,447)	(4,702)
Net decrease in cash and cash equivalents	(3,856)	(1,522)
Effect of foreign exchange rate changes	(51)	(81)
Cash and cash equivalents at beginning of period	4,567	3,309
Cash and cash equivalents at end of period	660	1,706
Analysis of cash and cash equivalents		
Bank and cash balances	660	1,706

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2020 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 2020 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor disclaimed their opinion in the auditor's report dated 26 March 2021; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; did not contain a statement under section 406(2) of the Hong Kong Companies Ordinance; and contained a statement under section 407(2) and 407(3) of the Hong Kong Companies Ordinance.

Going concern

The Group incurred a loss of approximately HK\$4,519,000 for the Current Period and as at 30 June 2021 the Group had net current liabilities of approximately HK\$752,558,000 and net liabilities of approximately HK\$532,959,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Trading in the Shares on the Stock Exchange has been suspended since 1 August 2016.

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

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 ("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").

These Interim Financial Statements should be read in conjunction with the Group's 2020 annual financial statements. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

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 2021. 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 2021 and 2020.

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

4. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that interest and other income, finance costs and unallocated corporate expenses.

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

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

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

	Six months ended 30 June	
	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (unaudited)
Revenue from external customers	<u>74,118</u>	<u>61,737</u>
Segment result	11,283	6,360
Interest income on bank deposits	7	7
Other income	195	266
Unallocated expenses	<u>(5,387)</u>	<u>(8,945)</u>
Profit/(Loss) from operations	6,098	(2,312)
Finance cost	<u>(10,617)</u>	<u>(8,360)</u>
Loss before tax	(4,519)	(10,672)
Income tax expense	<u>–</u>	<u>–</u>
Loss for the period	<u>(4,519)</u>	<u>(10,672)</u>
	As at 30 June 2021 HK\$' 000 (unaudited)	As at 31 December 2020 HK\$' 000 (audited)
Segment assets	<u>313,606</u>	<u>319,745</u>
Segment liabilities	<u>275,552</u>	<u>280,701</u>

(b) Geographical information:

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

	Revenue		Non-current assets	
	Six months ended 30 June		At 30 June	At 31 December
	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (unaudited)	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (audited)
Hong Kong	–	–	390	581
PRC	74,118	61,737	228,178	241,854
	74,118	61,737	228,568	242,435

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\$10,770,000 (six months ended 30 June 2020: approximately HK\$16,679,000) was derived from one (six months ended 30 June 2020: two) independent customer 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	
	2021	2020
	HK\$' 000	HK\$' 000
	(unaudited)	(unaudited)
Car rental and shuttle bus services income	74,118	61,737

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	
	2021	2020
	HK\$' 000	HK\$' 000
	(unaudited)	(unaudited)
Bank interest income	7	7
Sundry income	195	266
	202	273

7. FINANCE COST

	Six months ended 30 June	
	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (unaudited)
Bank charges	12	8
Interest expenses on borrowings		
– interest on convertible bonds	2,946	3,186
– interest on non-convertible bonds	2,715	2,715
– interest on lease liabilities	4,660	2,052
– interest on bank borrowings	159	334
– interest on other borrowings	125	65
	<u>10,617</u>	<u>8,360</u>

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2020: 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% (2020: 25%).

No income tax expenses has been provided since the Group has no assessable profit for the six months ended 30 June 2021 and 2020.

9. LOSS FOR THE PERIOD

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

	Six months ended	
	30 June	
	2021	2020
	HK\$' 000	HK\$' 000
	(unaudited)	(unaudited)
Directors' remuneration	1,620	1,620
Other staff salaries and benefits	2,969	1,754
Contributions to retirement benefit schemes	4,250	81
	8,839	3,455
Depreciation of property, plant and equipment	9,767	9,053
Depreciation of right-of-use assets	1,626	4,137

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**Basic loss per share**

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of approximately HK\$4,515,000 (2020: approximately HK\$9,936,000) and the weighted average number of ordinary shares of 6,411,770,500 (2020: 6,411,770,500) in issue during the Current Period.

Diluted loss per share

No diluted loss per share for the six months ended 30 June 2021 and 2020 is presented as the effects of all convertible bonds are anti-dilutive for both periods.

11. DIVIDENDS

The Directors do not declare the payment of any dividend in respect of the Current Period (six months ended 30 June 2020: 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 2020: 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 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Within 30 days	6,541	10,271
31-90 days	9,392	11,932
91-365 days	20,331	24,842
Over 1 year	12,470	8,527
Less: Impairments	<u>(2,685)</u>	<u>(2,660)</u>
	<u>46,049</u>	<u>52,912</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Other receivables	11,907	10,047
Guarantee deposit for lease liabilities	542	504
Prepayments and deposits	<u>34,289</u>	<u>16,902</u>
	<u>46,738</u>	<u>27,453</u>

15. OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Other payables	145,174	142,342
Contract liabilities	262	260
Amount due to a related party	9,046	8,962
Amount due to directors	2,481	821
Accruals	<u>20,105</u>	<u>18,975</u>
	<u>177,068</u>	<u>171,360</u>

16. BORROWINGS

	At 30 June 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Bank loan	4,415	6,888
Other loans	<u>150,154</u>	<u>153,588</u>
	<u>154,569</u>	<u>160,476</u>

All borrowings 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 is convertible into ordinary shares of the Company within 24 months from the date of issue at a conversion price of HK\$0.265 per conversion share (subject to adjustment), and a maximum of 248,060,000 conversion shares can be issued. At 30 June 2021, the outstanding principal amount is HK\$26,500,000.

On 10 November 2015, the Company issued zero-coupon convertible bonds in the principal amount of HK\$120,000,000 (the "QDCB1") as part of the consideration for the acquisition of 70% equity interest in the entire issued share capital of Million Fortune International Investment Limited. The QDCB1 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.40 per conversion share (subject to adjustment), and a maximum of 300,000,000 conversion shares can be issued. At 30 June 2021, the outstanding principal amount is HK\$55,580,000.

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 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date at a conversion price of HK\$0.40 per conversion share (subject to adjustment), and a maximum of 33,050,045 conversion shares can be issued. At 30 June 2021, the outstanding principal amount is HK\$13,220,018.

On 6 September 2016, the Company issued convertible bonds in the principal amount of HK\$140,000,000 (the “TMCB1”) which bear interest rate of 3% per annum as part of the consideration for the acquisition of 100% equity interest in the entire issued share capital of Gear World Development Limited. The TMCB1 are convertible into ordinary shares of the Company at any time between the date of issue and its maturity date on 31 August 2019 at a conversion price of HK\$0.30 per conversion share (subject to adjustment), and a maximum of 466,666,666 conversion shares can be issued. At 30 June 2021, the outstanding principal amount is HK\$140,000,000.

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

	At 30 June 2020 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Liability component		
At 1 January (audited)	259,693	253,802
Interest charged	2,946	5,891
At the end of period/year	<u>262,639</u>	<u>259,693</u>

18. NON-CONVERTIBLE BONDS

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

	At 30 June 2021 HK\$’ 000 (unaudited)	At 31 December 2020 HK\$’ 000 (audited)
At beginning of the period/year	90,500	90,500
Interest charged	2,715	5,430
Interest payable classified to other payables	<u>(2,715)</u>	<u>(5,430)</u>
At the end of the period/year	<u>90,500</u>	<u>90,500</u>

19. SHARE CAPITAL

	At 30 June 2021 HK\$’ 000 (unaudited)	At 31 December 2020 HK\$’ 000 (audited)
Issued and fully paid: 6,411,770,500 (2020: 6,411,770,500) ordinary shares	<u>3,178,754</u>	<u>3,178,754</u>

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 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Indemnity related to a former subsidiary (note 21(b))	7,338	7,271

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 LITIGATIONS

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

- (a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK\$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the Directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an amended Writ of Summons was served on the Company by the lender of the Group to clarify that the individual third party acted as an agent of the lender. The Directors instructed the lawyer of the Company to handle this matter. The loan advanced by the lender of HK\$1,523,000 together with interest and penalty of HK\$1,149,000, totaling of approximately HK\$2,672,000, were accrued in the financial statements (included in other borrowings and other payables and accruals respectively) and has not yet been settled as at 30 June 2021.

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

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

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

Accordingly, in the opinion of the Directors and having obtained an opinion from the Company's lawyer, the Group has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved of approximately RMB6,100,000, equivalent to approximately HK\$7,338,000 (31 December 2020: HK\$7,271,000), has been disclosed as contingent liabilities in note 20 to the condensed consolidated financial statements.

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

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

22. RELATED PARTY TRANSACTIONS

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

	At 30 June 2021 HK\$' 000 (unaudited)	At 31 December 2020 HK\$' 000 (audited)
Amount due to a related party	<u>9,046</u>	<u>8,962</u>

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

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

	Six months ended 30 June	
	2021 HK\$' 000 (unaudited)	2020 HK\$' 000 (unaudited)
Short term employee benefits	<u>1,620</u>	<u>1,620</u>

MANAGEMENT DISCUSSION AND ANALYSIS

ACTIONS TAKEN BY THE COMPANY TO ADDRESS RELEVANT DISCLAIMER OF OPINION

The auditors of the Company, ZHONGHUI ANDA CPA Limited (“Auditor”), had disclaimed their opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. The Company has taken actions to address the relevant audit qualifications as set out below:

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

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

b. Loss on deconsolidation of the subsidiaries

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

c. Borrowings

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

d. Going Concern

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

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

BUSINESS REVIEW

Car Rental and shuttle bus services

Since September 2016, the Group has engaged in car rental and shuttle bus services business through 北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd*) (“TMTC Rental”) and 北京天馬通馳旅遊客運有限公司 (Beijing Tian Ma Tong Chi Travel Transportation Co., Ltd*) (“TMTC Travel”, together with TMTC Rental, the “TMTC Group”). The TMTC Group has electric buses and fuel buses over 800 vehicles in total with capacity of 5 to 59 seats. The car rental and shuttle bus services business serves with particular capacity requirements, type of vehicles, point to point services, contracted tailor-made services, routes/commute served with specified timetable to (i) employees/students of institutional customers between the working places/schools to different residential communities; (ii) car rental without chauffeur; and (iii) car rental with chauffeur for trip on business, leisure and various government grand events purposes.

In response to environmental friendly expectation from public and domestic government, since 2016, the TMTC Group purchased battery electronic vehicles (“BEV”) for its operations. Up to the date of this interim report, the TMTC Group maintains a relatively high portion of BEV for meeting customers request. Being much more environmental friendly, therefore BEV is especially welcome and required by international schools contracts. Many renowned international educational institutions, multinational cooperations and government bureaus in Beijing are key customers of the TMTC Group.

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\$74,118,000 for the Current Period, representing an increase by approximately HK\$12,381,000 or 20% compared to the six months ended 30 June 2020 ("Corresponding Period") which was approximately HK\$61,737,000. Since early 2020, COVID-19 pandemic adversely affected the business of the Group. The situation is still not stable up to the Current Period.

The cost of revenue of the Group for the Current Period of approximately HK\$54,241,000 was increased by approximately HK\$3,863,000 or 7.7% compared to the cost of revenue of the Group for the Corresponding Period of approximately HK\$50,378,000. The costs mainly comprises direct costs including salaries of drivers, depreciation of vehicles, repair and maintenance, car parking expenses, fuel and electricity. The increase in cost mainly due to the increase in fuel and electricity cost.

Gross profit increased from approximately HK\$11,359,000 for the Corresponding Period to approximately HK\$19,877,000 for the Current Period and the gross profit ratio was increased from 18.4% for the Corresponding Period to 26.8% for the Current Period, which was resulted from utilising idle resources due to the COVID-19 situation.

Other income

Other income of the Group for the Current Period and Corresponding Period were approximately HK\$202,000 and HK\$273,000 respectively, representing a decrease of approximately HK\$71,000.

Administrative and other operating expenses

Administrative and other operating expenses for the Current Period and Corresponding Period were approximately HK\$13,981,000 and HK\$13,944,000 respectively, representing a slightly increase of approximately HK\$37,000 or 0.3%.

Finance cost

Finance cost of the Group for the Current Period amounted to approximately HK\$10,617,000, representing an increase of approximately 27% compared to the Corresponding Period. The finance cost included interests charged on convertible bonds, non-convertible bonds, lease liabilities, bank borrowings and other borrowings.

Loss attributable to the owners of the Company

TMTC Group, the Company's core business entities, recorded a profit after tax amounted to HK\$6,620,000 in the Current Period. As the Group is processing its Resumption Proposal (further illustrated below), legal and professional fees incurred for resumption were high. Besides, before completing the proposed debt restructuring which is part of the Resumption Proposal, finance costs in associated with liabilities in the proposed debt restructuring plan could nevertheless still be accrued, but will be written back upon the proposed debt restructuring being completed. As such, when (i) one-off and non-recurring expenses for resumption; and (ii) finance costs in associated with liabilities in the proposed debt restructuring plan all being excluded, the profit for the period and profit attributable to the owners of the Company for the Current Period were approximately HK\$3,995,000 and HK\$3,999,000 respectively.

In the case of without excluding non-operational and one-off items, the loss for the period and loss attributable to the owners of the Company as reported in the interim financial statements for the Current Period were approximately HK\$4,519,000 and HK\$4,515,000 respectively, and approximately HK\$10,672,000 and HK\$9,936,000 for the Corresponding Period.

RESUMPTION PROPOSAL

On 24 June 2021, the Company issued an announcement in respect of the Resumption Proposal involving proposed capital reorganisation, subscription of new shares, open offer, debt restructuring and application for whitewash waiver.

Under the Resumption Proposal, the Company proposes to go through the followings:

1. Capital reorganisation

In order to facilitate the issue of the subscription shares, the offer shares and the creditors shares under the proposed subscription, the proposed open offer and the proposed debt restructuring, respectively and enable the Company to comply with the trading requirements under the Listing Rules, the Company proposes to implement (i) the share consolidation on the basis of every ten (10) issued existing Shares be consolidated into one (1) consolidated share (“Consolidated Share”); and (ii) increase the board lot size from trading in board lots of 10,000 Shares each to trading in board lots of 20,000 Consolidated Shares each upon resumption of the trading in the Consolidated Shares on the Stock Exchange.

2. Subscription

Pursuant to the subscription agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into among the Company, Mr. Ji Kaiping (“Mr. Ji”), the Chairman of the Board and executive Director, Thousand Joy Limited (“Thousand Joy”), a company legally and beneficially owned by Mr. Ji, Mr. Guo Puiyuan (“Mr. Guo”), executive Director, and Hontin Ocean Resources Limited (“Hontin Ocean”), a company legally and beneficially owned by Mr. Guo, the Company conditionally agreed to allot and issue, and Thousand Joy and Hontin Ocean conditionally agreed to subscribe for, 972,500,000 subscription shares and 615,500,000 subscription shares respectively. The total fund to be raised from such subscription will be approximately HK\$174.7 million in cash.

3. Debt restructuring

The estimated total debt of the Company in the debt restructuring amounted to approximately HK\$545.7 million. Pursuant to the debt restructuring and after haircut from the relevant creditors, HK\$182.9 million will be settled in cash, and HK\$315.9 million will be settled by issue and allotment of Consolidated Shares.

4. Open offer

The Company proposes to carry out an open offer on the basis of one offer share for every one then existing Consolidated Share. It is expected that the total fund to be raised from such open offer will be approximately HK\$70.5 million in cash, before expenses.

The Company is in the progress of preparing and finalising a circular in respect of, among others, the above restructuring and expects to despatch such circular to the shareholders of the Company on or before 30 September 2021.

For details of the Resumption Proposal and the proposed restructuring, please refer to the announcement of the Company dated 24 June 2021.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the issued share capital of the Company was HK\$3,178,754,000 divided into 6,411,770,500 Shares. During the Current Period, the Group finances its operations by cash flow from operating activities. As at 30 June 2021, the cash and bank balances of the Group amounted to approximately HK\$660,000 (31 December 2020: HK\$4,567,000).

As at 30 June 2021, the Group had current assets of approximately HK\$93,447,000 (31 December 2020: HK\$84,932,000), while its current liabilities were approximately HK\$846,005,000 (31 December 2020: HK\$842,006,000). The current ratio of the Group was approximately 0.11 times (31 December 2020: 0.10 times) and gearing ratio (debts/total assets) was 209.1% (31 December 2020: 206.5%).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2021, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 30 June 2021, 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 2021. 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 2021, the Group had 542 employees (including the Directors) in Hong Kong and the PRC (31 December 2020: 637). Total staff cost for the six months ended 30 June 2021, including Director's remuneration, were approximately HK\$8,839,000 (30 June 2020: approximately HK\$3,455,000). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also adopted a share option scheme whereby qualified participants may be granted options to acquire Shares. There has been no major change in staff utilized policies during the six months ended 30 June 2021.

BORROWINGS AND CHARGES ON THE GROUP'S ASSETS

As disclosed in note 16 to the condensed consolidated interim financial statements, as at 30 June 2021, the Group recorded the borrowings of approximately HK\$154,569,000 (31 December 2020: HK\$160,476,000) in which of approximately HK\$4,415,000 (31 December 2020: HK\$6,888,000) represents loan from bank and bears interest rate of 5.15% per annum with motor vehicles in carrying amount of approximately HK\$9,912,000 (31 December 2020: approximately HK\$10,416,000) 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 2021 and 31 December 2020.

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 2021 and did not have any significant investments held as at 30 June 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.

OUTLOOK

The COVID-19 outbreak has further relaxed in Beijing on the first half of 2021. With the rise of vaccination rate among residents in Beijing, people' daily life and economic activities are brought back on track. At present, Beijing, as an international metropolis, is still under the threat of the epidemic due to external factors such as changes in international epidemic situation, rampant variant viruses, and out-of-control epidemic in India and Britain. Since Beijing features dense population and strong mobility of people, the Beijing Municipal Government has not taken it lightly due to the mitigation of local epidemic situation, even more restriction on passenger transport and shuttle bus industry. The management of TMTC Group has been deeply engaged in the industry for many years and has gained valuable experience in dealing with the SARS outbreak in 2003, so the Group can develop effective responses to the impact of this epidemic. TMTC Group has been striving to be perfect in epidemic prevention since the outbreak began. For this reason, we have performed very well in the epidemic prevention and control, fully safeguarding the health and safety of our drivers, customers and the general public. We have consistently implemented priorities of the epidemic prevention since the epidemic: (i) marked vehicles for designated customers; (ii) robust hygiene standards in vehicle management; and (iii) strict passenger identification and on-board control.

The Group believed that the impact of COVID-19 on our operating results in the first half of 2021 was not particularly substantial. As far as the general environment is concerned, all walks of life have been affected by the epidemic, and most industries have suffered losses. However, when it comes to the shuttle bus market, some enterprises cut employee benefits in order to reduce costs because of the loss of profits, while shuttle bus services may be on the list of benefits cut. But favorably, the shuttle bus industry played a great positive role in the epidemic prevention in the post-epidemic era, as it's sound for passengers to be separated and easily tracked, bringing a very positive role in the epidemic prevention and control, which also made the whole industry relatively stable in society.

As of this reporting date, the Group has signed service agreements with several new customers, including well-known real estate agents and technology companies, and is negotiating cooperation with several potential customers to expand its business. In view of the spread of various virus variants abroad and the current situation of epidemic prevention and control in China, inevitably, the COVID-19 imposes catastrophic adverse effect over the economy. Thus, the Group still upholds a conservative attitude and focuses on stability. Nevertheless, the Group will strive to develop in the face of adversity, expand new customers and maintain old customers by virtue of its own advantages, and seek the greatest benefits for the shareholders of the Company.

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 2021, 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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Ji Kaiping ("Mr. Ji") (Note 1)	Interest of a controlled corporation	972,500,000	31.60%
Guo Peiyuan ("Mr. Guo") (Note 2)	Interest of a controlled corporation	615,500,000	20.00%

Notes:

1. As at 30 June 2021, the subscription of 972,500,000 Shares pursuant to the subscription agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into between, among others, the Company, Mr. Ji and Thousand Joy Limited, a company legally and beneficially owned by Mr. Ji has not yet been completed. The approximate percentage of interest in the Company above represents the approximate percentage of interest in the Company upon completion of the proposed capital reorganisation, the subscription, the open offer and the debt restructuring subject to the fulfilment of the certain conditions. For details, please refer to the Company's announcement dated 24 June 2021.
2. As at 30 June 2021, the subscription of 615,500,000 Shares pursuant to the subscription agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into between, among others, the Company, Mr. Guo and Hontin Ocean Resources Limited, a company legally and beneficially owned by Mr. Guo has not yet been completed. The approximate percentage of interest in the Company above represents the approximate percentage of interest in the Company upon completion of the proposed capital reorganisation, the subscription, the open offer and the debt restructuring subject to the fulfilment of the certain conditions. For details, please refer to the Company's announcement dated 24 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

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

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

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

There was no outstanding share options granted under the Share Option Scheme as at 30 June 2021. No option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2021.

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

At 30 June 2021, the interests or short positions of every person, other than a Director or chief executive of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name	Capacity/ Nature of interest	Long position/ short position	Number of Shares held	Number of underlying shares held	Approximately percentage of total number of Shares in issue
Thousand Joy Limited ("Thousand Joy") (Note 1)	Beneficial owner	Long Position	972,500,000	-	31.60%
Hontin Ocean Resources Limited ("Hontin Ocean") (Note 2)	Beneficial owner	Long Position	615,500,000	-	20.00%
Yeung Sau Shing, Albert (Note 3)	Founder of a discretionary trust	Long Position	641,177,050	-	20.83%
Luk Siu Man, Semon (Note 3)	Interest of spouse	Long Position	641,177,050	-	20.83%
CDM Trust & Board Services AG (Note 3)	Trustee	Long Position	641,177,050	-	20.83%
Albert Yeung Capital Holdings Limited (Note 3)	Interest of a controlled corporation	Long Position	641,177,050	-	20.83%
Emperor Capital Group Limited (Note 3)	Interest of a controlled corporation	Long Position	641,177,050	-	20.83%
Emperor Securities Limited (Note 3)	Underwriter	Long Position	641,177,050	-	20.83%

Name	Capacity/ Nature of interest	Long position/ short position	Number of Shares held	Number of underlying shares held	Approximately percentage of total number of Shares in issue
Nation Spirit Limited (Note 4)	Beneficial owner	Long position	-	933,333,333	14.56%
Gu Baorong (Note 4)	Interest of a controlled corporation	Long position	-	933,333,333	14.56%
Yang Fan	Beneficial owner	Long position	810,759,648	-	12.64%
Upper Target Limited (Note 5)	Beneficial owner	Long position	596,900,000	-	9.31%
Liu Zidong (Note 5)	Interest of a controlled corporation	Long position	596,900,000	-	9.31%
	Beneficial owner	Long position	8,150,000	-	0.13%
Elite Fortune Global Limited (Note 6)	Beneficial owner	Long position	585,533,845	-	9.13%
Wang Yi (Note 6)	Interest of a controlled corporation	Long position	585,533,845	-	9.13%

Notes:

- As at 30 June 2021, the subscription of 972,500,000 Shares pursuant to the subscription agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into between, among others, the Company, Mr. Ji and Thousand Joy, a company legally and beneficially owned by Mr. Ji has not yet been completed. The approximate percentage of interest in the Company above represents the approximate percentage of interest in the Company upon completion of the proposed capital reorganisation, the subscription, the open offer and the debt restructuring subject to the fulfilment of the certain conditions. For details, please refer to the Company's announcement dated 24 June 2021.
- As at 30 June 2021, the subscription of 615,500,000 Shares pursuant to the subscription agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into between, among others, the Company, Mr. Guo and Hontin Ocean, a company legally and beneficially owned by Mr. Guo has not yet been completed. The approximate percentage of interest in the Company above represents the approximate percentage of interest in the Company upon completion of the proposed capital reorganisation, the subscription, the open offer and the debt restructuring subject to the fulfilment of the certain conditions. For details, please refer to the Company's announcement dated 24 June 2021.

3. Pursuant to the underwriting agreement dated 24 June 2021 entered into between the Company and Emperor Securities Limited, the open offer will be underwritten by Emperor Securities Limited on a fully underwritten basis. The approximate percentage of interest in the Company above represents the approximate percentage of interest in the Company upon completion of the proposed capital reorganisation, the subscription, the open offer and the debt restructuring subject to the fulfilment of the certain conditions. For details, please refer to the Company's announcement dated 24 June 2021.

Based on the notice of disclosure of interest of Dr. Yeung Sau Shing, Albert, Ms. Luk Siu Man, Semon, CDM Trust & Board Services AG, Albert Yeung Capital Holdings Limited, Emperor Capital Group Limited and Emperor Securities Limited each filed with the Stock exchange on 29 June 2021, Emperor Securities Limited is wholly-owned by Emperor Capital Investment Holdings Limited, which in turn is wholly-owned by Emperor Capital Group Limited. Emperor Capital Group Limited is owned as to 42.72% by Emperor Capital Group Holdings Limited, which is wholly-owned by Albert Yeung Capital Holdings Limited, which in turn is held by CDM Trust & Board Services AG, a trustee for a private trust, the founder of which is Dr. Yeung Sau Shing, Albert. Ms. Luk Siu Man, Semon is the spouse of Dr. Yeung Sau Shing, Albert.

4. These interests represent the number of underlying shares of the Company held includes the maximum number of conversion shares to be issued upon full exercise of the conversion rights attaching to (i) convertible bonds in the principal amount of HK\$140 million issued by the Company; and (ii) convertible bonds in an aggregate principal amount of HK\$420 million (the "CB") to be issued by the Company to the vendors as partial settlement of the consideration pursuant to the sale and purchase agreement dated 15 January 2016 ("S&P Agreement").

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

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

Pursuant to the legally binding agreement entered into between the Company and Nation Spirit Limited under the debt restructuring, all the conversion rights to Shares attaching to convertible bonds of the Company held by Nation Spirit Limited had been forgone and the convertible bonds shall be cancelled by the Company.

Please refer to the Company's announcements dated 15 January 2016, 30 March 2016, 31 May 2016, 24 June 2016, 18 July 2016, 31 August 2016, 14 February 2017, 22 February 2017, 23 July 2019 and 24 June 2021 and the Company's circular dated 30 June 2016.

5. Based on the notice of disclosure of interest of Upper Target Limited and Liu Zidong each filed with the Stock Exchange on 12 May 2016, these Shares are held by Upper Target Limited, which is wholly-owned by Liu Zidong. Under Part XV of the SFO, Liu Zidong is interested in these 596,900,000 Shares in which Upper Target Limited is interested.
6. Based on the notice of disclosure of interest of Elite Fortune Global Limited and Wang Yi each filed with the Stock Exchange on 10 March 2016, these Shares are held by Elite Fortune Global Limited, which is wholly-owned by Wang Yi. Under Part XV of the SFO, Wang Yi is interested in these 585,533,845 Shares in which Elite Fortune Global Limited is interested.

Save as disclosed above, as at 30 June 2021, 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 2021 were rights to acquire benefits by means of the acquisition of Shares in or debenture of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the six months ended 30 June 2021.

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 2021.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Company has adopted the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2021, 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 six months ended 30 June 2021.
A.2.1	The Company has not appointed a chief executive officer as role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company’s objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established with written terms of reference in compliance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Li Wen (as the chairman of the Audit Committee), Mr. Qiu Ke and Ms. Chen Yen Yung, and one non-executive Director, namely Mr. An Jingwen.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems, and review of the Group's financial information. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2021 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 2021.

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 2021.

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

Hong Kong, 25 August 2021

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

** For identification purpose only*

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021 (2020: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference in compliance with Corporate Governance Code contained in Appendix 14 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Li Wen (as the chairman of the Audit Committee), Mr. Qiu Ke and Ms. Chen Yen Yung, and one non-executive Director, namely Mr. An Jingwen.

The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, risk management and internal control systems, and review of the Group’s financial information. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

CONTINUED SUSPENSION OF TRADING OF THE SHARES

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

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

Hong Kong, 25 August 2021

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.