



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

2023
Interim Report

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Director

Mr. An Jingwen

Independent Non-executive Directors

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

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

COMPANY SECRETARY

Ms. Mak Yuk Kiu

AUTHORISED REPRESENTATIVES

Mr. Ji Kaiping
Ms. Mak Yuk Kiu

LEGAL ADVISORS

Baker & McKenzie
Lau, Horton & Wise LLP

INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL BANKER

Industrial and Commercial Bank of
China (Asia) Limited

REGISTERED OFFICE

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

www.irasia.com/listco/hk/nur

STOCK CODE

254

RESULTS

The board (the “Board”) of directors (the “Directors”) of National United Resources Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31 December 2023 (the “Current Period”) together with the comparative figures for the six months ended 30 June 2022 (the “Corresponding Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2023

	Notes	Six months ended	
		31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Revenue	5	34,055	41,654
Cost of sales		(40,748)	(48,176)
Gross loss		(6,693)	(6,522)
Other income	6	2,025	356,842
Administrative and other operating expenses		(15,376)	(24,846)
(Loss)/profit from operations		(20,044)	325,474
Finance cost	7	(3,917)	(6,980)
(Loss)/profit before tax		(23,961)	318,494
Income tax expense	8	–	–
(Loss)/profit for the period	9	(23,961)	318,494
Attributable to:			
Owners of the Company		(22,813)	326,154
Non-controlling interests		(1,148)	(7,660)
		(23,961)	318,494
(Loss)/earnings per share attributable to owners of the Company	10		
Basic (HK cents per share)		(0.60)	14.99
Diluted (HK cents per share)		(0.60)	14.99

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
(Loss)/profit for the period	(23,961)	318,494
Other comprehensive loss:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(790)</u>	<u>(7,929)</u>
Total comprehensive (loss)/income for the period	<u>(24,751)</u>	<u>310,565</u>
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	<u>(23,165)</u>	319,461
Non-controlling interests	<u>(1,586)</u>	<u>(8,896)</u>
	<u>(24,751)</u>	<u>310,565</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	12	52,089	29,647
Right-of-use assets		35,557	37,920
Deferred tax asset		4,865	4,786
Investment in associates		–	–
Goodwill		10,862	10,685
Prepayments	14	104,860	97,813
		<u>208,233</u>	<u>180,851</u>
Current assets			
Trade receivables	13	19,925	20,305
Prepayments, deposits and other receivables	14	8,283	8,412
Bank and cash balances		296,989	135,575
		<u>325,197</u>	<u>164,292</u>
Current liabilities			
Other payables and accruals	15	127,999	125,104
Borrowings	16	146,822	38,550
Lease liabilities		149,232	145,942
Tax payable		5,632	5,372
		<u>429,685</u>	<u>314,968</u>
Net current liabilities		<u>(104,488)</u>	<u>(150,676)</u>
Total assets less current liabilities		<u>103,745</u>	<u>30,175</u>

	Notes	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Non-current liabilities			
Lease liabilities		411	526
Borrowings	16	<u>18,036</u>	<u>–</u>
		<u>18,447</u>	<u>526</u>
NET ASSETS		<u>85,298</u>	<u>29,649</u>
Capital and reserves			
Share capital	17	3,587,769	3,507,369
Reserves		<u>(3,461,956)</u>	<u>(3,438,791)</u>
Equity attributable to owners of the Company		125,813	68,578
Non-controlling interests		<u>(40,515)</u>	<u>(38,929)</u>
TOTAL EQUITY		<u>85,298</u>	<u>29,649</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2023

	Attributable to owners of the Company (unaudited)						
	Share capital HK\$'000	Equity component of convertible bonds HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2022 (audited)	3,178,754	62,077	6,427	(3,694,404)	(447,146)	(23,301)	(470,447)
Profit/(loss) for the period (unaudited)	-	-	-	326,154	326,154	(7,660)	318,494
Other comprehensive loss for the period (unaudited)	-	-	(6,693)	-	(6,693)	(1,236)	(7,929)
Total comprehensive income/(loss) for the period (unaudited)	-	-	(6,693)	326,154	319,461	(8,896)	310,565
Proceeds from share subscription (unaudited)	170,573	-	-	-	170,573	-	170,573
Proceed from open offer (unaudited)	65,212	-	-	-	65,212	-	65,212
Issued upon debt restructuring (unaudited)	22,800	-	-	-	22,800	-	22,800
Transfer from equity component of convertible bonds to accumulated losses (unaudited)	-	(62,077)	-	62,077	-	-	-
	258,585	(62,077)	-	62,077	258,585	-	258,585
At 30 June 2022 (unaudited)	3,437,339	-	(266)	(3,306,173)	130,900	(32,197)	98,703
At 1 July 2023 (audited)	3,507,369	-	(8,223)	(3,430,568)	68,578	(38,929)	29,649
Loss for the period (unaudited)	-	-	-	(22,813)	(22,813)	(1,148)	(23,961)
Other comprehensive loss for the period (unaudited)	-	-	(352)	-	(352)	(438)	(790)
Total comprehensive loss for the period (unaudited)	-	-	(352)	(22,813)	(23,165)	(1,586)	(24,751)
Proceeds from share subscription (unaudited)	80,400	-	-	-	80,400	-	80,400
At 31 December 2023 (unaudited)	3,587,769	-	(8,575)	(3,453,381)	125,813	(40,515)	85,298

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2023

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Net cash used in operating activities	(5,270)	(72,306)
Cash flows from investing activities		
Interest received	1,796	151
Deposits for acquisition of property, plant and equipment	(8,031)	–
Purchases of property, plant and equipment	(30,200)	–
Net cash (used in)/generated from investing activities	(36,435)	151
Cash flows from financing activities		
Proceeds from new borrowings	124,160	–
Repayment of bank loan	–	(1,563)
Repayment of borrowings	–	(4,352)
Repayment of lease liabilities	(415)	(10,983)
Repayment of convertible bonds	–	(17,259)
Repayment of non-convertible bonds	–	(5,054)
Net proceeds from the share subscription	80,400	170,573
Net proceeds from the open offer	–	65,212
Interests paid	(363)	–
Net cash generated from financing activities	203,782	196,574
Net increase in cash and cash equivalents	162,077	124,689
Effect of foreign exchange rate changes	(663)	(872)
Cash and cash equivalents at beginning of period	135,575	2,136
Cash and cash equivalents at end of period	296,989	125,593
Analysis of cash and cash equivalents		
Bank and cash balances	296,989	125,593

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. GENERAL INFORMATION

National United Resources Holdings Limited (the “Company”) was incorporated in Hong Kong with limited liability. The address of its registered office and principle place of business 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

Pursuant to the resolution of the Board dated 2 December 2022, the Company’s financial year end date has been changed from 31 December to 30 June commencing from the financial period from 1 January 2022 to 30 June 2023. Accordingly, the condensed consolidated financial statements for the Current Period cover a period of six months from 1 July 2023 to 31 December 2023. The comparative figures presented for the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes cover six months period from 1 January 2022 to 30 June 2022.

The financial information relating to the eighteen months ended 30 June 2023 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 eighteen months ended 30 June 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2023 (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The Interim Financial Statements should be read in conjunction with the Group’s 2023 financial statements for the eighteen months ended 30 June 2023. The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the financial statements for the eighteen months ended 30 June 2023.

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 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current and prior periods.

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

4. OPERATING SEGMENT INFORMATION

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

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

Segment liabilities exclude other borrowings, tax payable, 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, segment assets and liabilities is as follow:

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Revenue from external customers	34,055	41,654
Segment result	(9,562)	(15,807)
Interest income on bank deposits	1,796	151
Other income	229	356,691
Unallocated expenses	(12,507)	(15,561)
(Loss)/profit from operations	(20,044)	325,474
Finance cost	(3,917)	(6,980)
(Loss)/profit before tax	(23,961)	318,494
Income tax expense	-	-
(Loss)/profit for the period	(23,961)	318,494
	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Segment assets	154,782	128,490
Segment liabilities	307,868	276,944

(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		As at	
	31 December	30 June	31 December	30 June
	2023	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
PRC	34,055	41,654	208,233	180,851

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

(c) Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the total revenue of the Group, is set out below:

	Six months ended	
	31 December	30 June
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	6,698	N/A
Customer B	N/A	11,678
Customer C	N/A	7,728
	6,698	19,406

5. REVENUE

The principal activity of the Group is provision of car rental and shuttle bus services. All revenue generated by the Group was derived from the PRC and recognised at a point in time.

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

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Car rental and shuttle bus services income	34,055	41,654

Car rental and shuttle bus services income

The Group provides car rental and shuttle bus services to the customers. Service income is recognised when service is rendered.

6. OTHER INCOME

	Six months ended	
Note	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Bank interest income	1,796	151
Gain on debt restructuring	–	316,649
Gain on disposal of subsidiary	–	37,624
Sundry income	229	2,418
	2,025	356,842

Note:

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

7. FINANCE COST

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Bank charges	15	2
Interest expenses on borrowings		
– interest on convertible bonds	–	899
– interest on non-convertible bonds	–	905
– interest on lease liabilities	1,193	5,076
– interest on bank borrowings	268	69
– interest on other borrowings	727	29
– interest on corporate bonds	1,714	–
	<u>3,917</u>	<u>6,980</u>

8. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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% (2022: 25%).

No income tax expenses had been provided since the Group had no assessable profit for the six months ended 31 December 2023 and 30 June 2022.

9. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Directors' remuneration	2,340	2,293
Other staff salaries and benefits	18,092	21,677
Contributions to retirement benefit schemes	3,645	4,294
	24,077	28,264
Depreciation of property, plant and equipment	5,798	10,997
Depreciation of right-of-use assets	2,943	1,009

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

The calculation of basic (loss)/earnings 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\$22,813,000 (six months ended 30 June 2022: profit for the period of approximately HK\$326,154,000) and the weighted average number of ordinary shares of 3,778,932,757 (six months ended 30 June 2022: 2,175,737,574) in issue during the period.

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 31 December 2023 and 30 June 2022.

11. DIVIDENDS

The Directors did not recommend the payment of any dividend in respect of the six months ended 31 December 2023 and 30 June 2022.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, property, plant and equipment with a cost of approximately HK\$27,594,000 was acquired by the Group (six months ended 30 June 2022: nil) and there was no disposal by the Group (six months ended 30 June 2022: no disposal).

13. TRADE RECEIVABLES

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

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

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Within 30 days	8,697	9,258
31-90 days	5,628	5,537
Over 90 days but within 1 year	5,837	5,743
Over 1 year	14,349	14,116
Less: Impairments	(14,586)	(14,349)
	19,925	20,305

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Other receivables	5,572	4,791
Prepayments and deposits	<u>112,608</u>	<u>106,423</u>
	118,180	111,214
Impairment	<u>(5,037)</u>	<u>(4,989)</u>
	113,143	106,225
Less: non-current portion Prepayments	<u>104,860</u>	<u>97,813</u>
	<u>8,283</u>	<u>8,412</u>

15. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Other payables	73,806	77,406
Amount due to a director (Note)	13,911	10,692
Accruals	<u>40,282</u>	<u>37,006</u>
	<u>127,999</u>	<u>125,104</u>

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

16. BORROWINGS

	Notes	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Included in current liabilities:			
Bank loans	(a)	6,558	–
Other loans	(b)	38,550	38,550
Corporate bonds	(c)	101,714	–
		<u>146,822</u>	<u>38,550</u>
Non-current liabilities:			
Bank loans	(a)	18,036	–
		<u>164,858</u>	<u>38,550</u>
Total borrowings			
		<u>164,858</u>	<u>38,550</u>
Borrowing by repayment schedule:			
Within 1 year		146,822	38,550
1 year to 2 years		6,542	–
2 years to 5 years		11,494	–
		<u>164,858</u>	<u>38,550</u>

Notes:

- (a) Bank loans are secured by the property, plant and equipment held by the subsidiaries of the Company, bearing an interest rate of 4.816% and are repayable in 4 years from the borrowing date.
- (b) Other loans of approximately HK\$33,000,000 (30 June 2023: HK\$33,000,000) are unsecured bearing interest rate of 4% to 4.5% (30 June 2023: 4% to 4.5%) and are repayable on demand or within one year. The remaining balances are unsecured, interest free and repayable on demand.
- (c) On 15 August 2023, the Company issued 4.5%, one-year corporate bonds with an aggregated principal amount of HK\$100,000,000 of 100% of the face value. The bonds were secured by the property, plant and equipment and issued share capital of the subsidiaries of the Company. The corporate bonds would be redeemed by available funds to bondholders with principle amount and applicable interest on the date become due.

17. SHARE CAPITAL

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Issued and fully paid: 4,387,628,409 (30 June 2023: 3,687,628,409) ordinary shares	<u>3,587,769</u>	<u>3,507,369</u>

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

	Notes	Number of shares issued	Share capital HK\$'000
At 1 January 2022 (audited)		6,411,770,500	3,178,754
Shares consolidation	(a)	<u>(5,770,593,450)</u>	<u>–</u>
		641,177,050	3,178,754
Share subscription	(b)	2,198,000,000	240,603
Open offer	(c)	641,177,050	65,212
Debt restructuring	(d)	<u>207,274,309</u>	<u>22,800</u>
As at 30 June 2023 (audited) and 1 July 2023 (audited)		3,687,628,409	3,507,369
Shares subscription	(b)	<u>700,000,000</u>	<u>80,400</u>
As at 31 December 2023 (unaudited)		<u>4,387,628,409</u>	<u>3,587,769</u>

Notes:

- (a) Effective on 25 January 2022, every ten issued ordinary shares of the Company were consolidated into one ordinary share of the Company (the “Consolidated Share”).
- (b) On 9 March 2022, the Company completed the allotment and issuance of a total of 1,588,000,000 ordinary shares to two subscribers at the subscription price of HK\$0.11 per subscription share raising a total proceeds of approximately HK\$170,573,000, net of share issue expenses of approximately HK\$4,107,000.
- On 8 November 2022, the Company completed the allotment and issuance of a total of 610,000,000 ordinary shares to two subscribers at the subscription price of HK\$0.115 per subscription share raising a total proceeds of approximately HK\$70,030,000, net of share issue expenses of approximately HK\$120,000.
- On 8 December 2023, the Company completed the allotment and issuance of a total of 700,000,000 ordinary shares to one subscriber at the subscription price of HK\$0.115 per subscription share raising a total proceeds of approximately HK\$80,400,000, net of share issue expenses of approximately HK\$100,000.
- (c) On 9 March 2022, the Company completed the allotment and issuance of a total of 641,177,050 ordinary shares by way of an open offer on the basis of one offer share for every one existing Consolidated Share held by the qualifying shareholders on 8 February 2022 at an offer price of HK\$0.11 per offer share. The Company raised a total proceeds of approximately HK\$65,212,000, net of share issue expenses of approximately HK\$5,317,000.
- (d) On 9 March 2022, the Company completed the allotment and issuance of a total of 207,274,309 ordinary shares (the “Creditors Shares”) to eleven creditors at the fair value amount of HK\$0.11 per creditors share resulting in increase in share capital of approximately HK\$22,800,000.

18. CONTINGENT LIABILITIES

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

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Indemnity related to a former subsidiary	6,687	6,578

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 a disposed subsidiary at the time of disposal. Accordingly, in the opinion of the Directors and having obtained an opinion from the Company's lawyer, the Group has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved of approximately RMB6,100,000, equivalent to approximately HK\$6,687,000 (30 June 2023: HK\$6,578,000), has been shown as contingent liabilities.

At the end of the Current Period, the Directors did not consider it was probable that a claim would be made against the Group under the above possible claim.

19. RELATED PARTY TRANSACTIONS

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

	As at	
	31 December 2023 HK\$'000 (unaudited)	30 June 2023 HK\$'000 (audited)
Amount due to a related party	<u>8,243</u>	<u>8,465</u>

The Company received car rental service income of approximately HK\$11,311,000 (six months ended 30 June 2022: HK\$11,062,000) from third parties through an application operated by the related party for the six months ended 31 December 2023 and as at 31 December 2023 has a trade receivable of approximately HK\$10,811,000 (as at 30 June 2023: HK\$13,148,000) from third parties through an application operated by the related party. Two directors of the Company, Ji Kaiping and Guo Peiyuan, have control over the related party.

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

	Six months ended	
	31 December 2023 HK\$'000 (Unaudited)	30 June 2022 HK\$'000 (Unaudited)
Short term employee benefits	291	377

20. CAPITAL COMMITMENT

The Group's capital commitments at the end of the reporting period are as follows:

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Property, plant and equipment – Contracted but not provided for	–	37,088

Details of the Company's capital commitments in respect of investments in associates are as follows:

	As at 31 December 2023 HK\$'000 (Unaudited)	As at 30 June 2023 HK\$'000 (Audited)
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of unpaid balance of capital contributions to associates	27,761	27,351

Pursuant to an equity joint venture agreement, the Group has a 35% investment in an associate named 內蒙古車馬同馳運輸有限公司 (the "Associate A") which was incorporated in the PRC on 27 May 2022 for a period of fifty years. The Associate A is engaged in road transport service. The total investment cost of the Group in proportion to its respective interest in the Associate A is RMB3,500,000 which is to be financed in the form of cash by the Group. At 31 December 2023 and 30 June 2023, the Group had fulfilled its investment obligation in the Associate A to the extent of nil.

Pursuant to an equity joint venture agreement, the Group has a 30% investment in an associate named 北京金達通馳企業管理有限公司 (the "Associate B") which was incorporated in the PRC on 25 April 2023 for a period of fifty years. The Associate B is engaged in commercial services. The total investment cost of the Group in proportion to its respective interest in the Associate B is RMB15,000,000 which is to be financed in the form of cash by the Group. At 31 December 2023 and 30 June 2023, the Group had fulfilled its investment obligation in the Associate B to the extent of nil.

Pursuant to an equity joint venture agreement, the Group has a 35% investment in an associate named 山西檢科融碳科技有限公司 (the "Associate C") which was incorporated in the PRC on 19 August 2022 for a period of fifty years. The Associate C is engaged in technology promotion and application service. The total investment cost of the Group in proportion to its respective interest in the Associate C is RMB7,000,000 which is to be financed in the form of cash by the Group. At 31 December 2023 and 30 June 2023, the Group had fulfilled its investment obligation in the Associate C to the extent of RMB175,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Shuttle Bus Business

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

In the second half of 2023, with the direct impact of the epidemic over, the Company’s business gradually became more stable. The management of TMTCC Group adhered to the concept of maintaining stability first and then forging ahead, striving to adapt the fleet of vehicles to the current business environment. During the third quarter of 2023, the Company purchased new vehicles for customers in need to provide services better tailored to their needs. However, as the Company is transitioning to higher quality development in its business operations, there have been certain setbacks in terms of revenue and profit, leading to a decline in profits and receivables. The Company is striving to weather through this difficult period in order to gather strength for a robust future.

We now plan to improve our fleet in terms of hardware and software to better position ourselves in the highly competitive post-pandemic era. In the future, TMTG Group will explore new business opportunities, broaden its customer base, and exploit its strengths in resource planning and control to increase the usage rate of shuttles and surpass the limitations of having one business model for one location. We will provide commuters in Beijing with a more convenient shuttle service by marching into untapped markets for offering shuttle bus services to SMEs in the same region that do not have enough employees for their own shuttle buses and allowing them to share costs, with a view to achieving business expansion. Meanwhile, we will also explore the Passenger Transport Plus operation model to provide customers with more value-added services and create more value for them during their commute. This project was shelved during the pandemic, but we are now ready to continue with its development to achieve our goal of generating more profit.

Other new business developments

Information Technology

On 5 June 2023, after a long period of preparation and research, NUR Digital Economy Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Wider Rich International Limited for the purchase of equipment for the computational analytics and processing centre, with the delivery of the equipment scheduled to be completed by the end of 2023. The acquisition is for the establishment of a computational analytics and processing centre, and enables the Group to penetrate into the market of data management and big data analytics services. This business is expected to broaden the Group's scope of business and boost its risk resilience. The equipment for the project was delivered as at 31 December 2023, and is now undergoing the final stage of adjustments.

Moreover, the Group explores the business of resource planning and control integration and vigorously develops other promising business areas to improve the risk resilience and profitability of its business. On top of the car rental and shuttle bus business, the management of the Group also strives to expand the application of established business lines on the same technology level to develop the relevant business lines in a further sense.

Through our years of cultivation in the car rental and shuttle bus services segment, we are sophisticated in resource planning and control, like resource management of vehicle and transportation data. In the future, we will leverage our existing data and strengths in resource planning and control to vigorously develop more promising business areas and identify suitable business entry points.

We seek to constantly enhance our technical know-how and experience in resource planning and control to improve the efficiency of resource management across our business lines. In January 2023, we released a voluntary announcement regarding a memorandum of understanding in relation to possible acquisition of a technology company. The target company has extensive experience and technical know-how in resource planning and control, and the acquisition of the target company will provide the Group with more stable technical support and lower costs for its logistics and transportation management system, which will make the Group more competitive in the market. On 27 December 2023, for the purpose of the acquisition project, the Company issued an announcement regarding the discloseable transaction in relation to the acquisition of the entire issued share capital of City Gear Limited (“City Gear”) and the related loan. As at 31 December 2023, this transaction was still in progress.

Bulk Commodity Trading and Transportation

On another front, the management of the Company believes that there are infinite business opportunities in international/domestic bulk commodities trading and transportation. Compared with passenger transportation, the management of the Company believes that bulk commodities transportation and related trade are more stable in the wake of the pandemic. As a result of the pandemic or other disasters, regardless of lockdown or restricted movement, the greatest impact will be at the passenger transportation level, i.e., the people’s movement. The impact on energy-based natural resources, daily necessities, foodstuffs and other bulk commodities will be relatively small. If the Group has a foothold in this segment and makes it one of its principal business lines, its risk resilience and profitability will be greatly enhanced. The management of the Group has already engaged with several potential counterparties with a view to successfully tapping into this business segment for the Company.

The Group intends to revamp and enhance the Group’s existing business lines in the first half of 2024 for greater operational efficiency. Meanwhile, the management of the Group also seeks to continue to leverage the momentum of the reopening after the pandemic to step up efforts in the exploration of new business segments, with a view to developing some promising areas for more stable support for the Group’s revenue and maximal interests of the Group’s shareholders and investors.

ACTIONS TAKEN BY THE COMPANY TO ADDRESS RELEVANT QUALIFIED OPINION

The auditors of the Company, ZHONGHUI ANDA CPA Limited (“Auditor”), had issued qualified opinion (“Qualified Opinion”) on the consolidated financial statements of the Group for the eighteen months ended 30 June 2023. The Company has taken actions to address the relevant audit qualifications. Actions taken by the Company to address the Qualified Opinion in the consolidated financial statements of the Group for the eighteen months ended 30 June 2023 as follow:

Borrowings

There was no sufficient evidence provided to satisfy the Auditor, in relation to the existence, rights and obligations and valuation of the borrowings of approximately HK\$43,235,000 and HK\$42,257,000 as at 31 December 2021 and 2020 respectively. The borrowings have subsequently been verified and there were defect on its existence, right, obligations and valuation. As a result, the Company, its relevant subsidiaries and the creditors of the borrowings have entered into legal documents, pursuant to which that the Company shall dispose the subsidiary which held all the borrowings to an independent third party with minimal consideration and all the repayment obligation of the Company shall be released. The disposal was completed on 11 February 2022. The subsidiary disposed of only held the borrowings and did not have any asset or business operation. Since the borrowings in the qualification is no longer in the books of the Group, the Auditor has agreed that this qualification will be removed in the auditor’s report and except for the comparative figures for the financial year ending 30 June 2024 (“FY2024”).

The management's view in respect of the Qualified Opinion

After the completion of Capital Reorganisation, the Subscription, the Debt Restructuring, the Open Offer and the Whitewash Waiver (as defined and described in the circular of the Company dated 31 December 2021) on 9 March 2022 and the resumption of trading in the Shares on 10 March 2022, the Auditor noted that the qualified borrowings were settled or verified the corresponding existence, rights, obligations and valuation in February 2022. Such outstanding borrowings are capable to be repaid and no longer an item of no sufficient evidence since then.

The management of the Company has no objection to the Auditor's view in respect of the Qualified Opinion and the proposed removal of the audit qualification in FY2024.

The Audit Committee's and the Board's view towards the Qualified Opinion

The Audit Committee and the Board reviewed the Qualified Opinion and actions taken by the Company to address the Qualified Opinion and concurred with the view of the management of the Company.

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Loss

The Group's revenue generated from the car rental and shuttle bus services business amounted to approximately HK\$34,055,000 for the Current Period, representing a decrease by approximately HK\$7,599,000 or 18.2% compared to the Corresponding Period which was approximately HK\$41,654,000.

Since the expected rebound of comprehensive economic growth has not yet been reflected from post pandemic era for the second half year of 2023, the revenue of the TMTC Group also has not yet recovered from the lockdown period.

The cost of sales for the Current Period of approximately HK\$40,748,000 was decreased by approximately HK\$7,428,000 or 15.4%, compared to the cost of sales of the Group for the Corresponding Period of approximately HK\$48,176,000. The decrease in cost was mainly due to the decrease in wages of drivers, fuel and electricity. Due to the fixed costs such as depreciation of vehicles and salaries of drivers, the decline in revenue was more than the cost in percentage.

As a result, the Group recorded gross loss of approximately HK\$6,693,000 for the Current Period, representing an increase in gross loss by approximately HK\$171,000 or 2.6% compared to the gross loss of approximately HK\$6,522,000 for the Corresponding Period. Negative gross profit margins were 19.7% and 15.7% for the Current Period and Corresponding Period respectively.

Other Income

Other income of the Group for the Current Period and Corresponding Period were approximately HK\$2,025,000 and HK\$356,842,000 respectively, representing a decrease of approximately HK\$354,817,000. The decrease in other income for the Current Period was in result of Corresponding Period recorded (a) gain on disposal of a wholly owned subsidiary with net liabilities and (b) gain on Debt Restructuring representing the aggregate amount of outstanding debt owed by the Company settled under the Debt Restructuring after haircut from the creditors and finance costs related to such outstanding loan incurred, less (i) the cash settlement paid to the creditors; and (ii) fair value of Creditors Shares issued by the Company.

Administrative and Other Operating Expenses

Administrative and other operating expenses for the Current Period and Corresponding Period were approximately HK\$15,376,000 and HK\$24,846,000 respectively, representing the decrease of approximately HK\$9,470,000 or 38.1%. The decrease was mainly in the absence of the settlement of various expenses associated with the open offer, the First Subscription and the debt restructuring, including service fees for financial advisers, legal advisers and other professional parties, and commissions for underwriter and placing agent of the open offer for the Corresponding Period.

Finance cost

Finance cost of the Group for the Current Period amounted to approximately HK\$3,917,000, by decreasing of approximately HK\$3,063,000 or 43.9% compared to the Corresponding Period of approximately HK\$6,980,000. The decrease in finance cost mainly due to the decrease in interests charged on convertible bonds, non-convertible bonds and lease liabilities.

(Loss)/Profit attributable to the owners of the Company

As a result of the aforesaid, the Group recorded loss of approximately HK\$23,961,000 for the Current Period and recorded profit of approximately HK\$318,494,000 for the Corresponding Period. The loss and profit attributable to the owners of the Company for the Current Period and the Corresponding Period were approximately HK\$22,813,000 and HK\$ HK\$326,154,000 respectively.

Non-current Assets

The non-current assets were increased by approximately HK\$27,382,000 from HK\$180,851,000 as at 30 June 2023 to HK\$208,233,000 as at 31 December 2023. The increase in non-current assets was mainly attributable to the acquisition of motor vehicles of property, plant and equipment during the Current Period.

Current Assets

The current assets were increased by approximately HK\$160,905,000 from HK\$164,292,000 as at 30 June 2023 to HK\$325,197,000 as at 31 December 2023. The increase was mainly due to the increase in bank and cash balances from the unutilised proceeds from the share subscription took place on 8 December 2023 and issuance of corporate bonds during the Current Period.

Total Liabilities

The total of non-current and current liabilities of the Group increased by HK\$132,638,000 from approximately HK\$315,494,000 as at 30 June 2023 to HK\$448,132,000 as at 31 December 2023. The increase in liabilities was mainly due to the increase in bank loans, corporate bonds, accruals of operating expenses, accruals interest of lease liabilities and corporate bonds.

Net Current Liabilities and Net Assets

Under the post pandemic era, the financial position of the Group consecutively improved through the issuance of Shares upon subscriptions. The net current liabilities decreased by HK\$46,188,000 from approximately HK\$150,676,000 as at 30 June 2023 to HK\$104,488,000 as at 31 December 2023 and recorded net assets increased by HK\$55,649,000 from approximately HK\$29,649,000 as at 30 June 2023 to HK\$85,298,000 as at 31 December 2023.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the issued share capital of the Company was approximately HK\$3,587,769,000 divided into 4,387,628,409 Shares. During the Current Period, the Group financed its operations by cash flow from operating activities, and proceeds from issue of bonds and the third share subscription (the “Third Subscription”) took place on 8 December 2023. As at 31 December 2023, the cash and bank balances of the Group amounted to approximately HK\$296,989,000 (30 June 2023: HK\$135,575,000).

As at 31 December 2023, the Group had current assets of approximately HK\$325,197,000 (30 June 2023: HK\$164,292,000), while its current liabilities were approximately HK\$429,685,000 (30 June 2023: HK\$314,968,000). The current ratio of the Group was approximately 0.76 times (30 June 2023: 0.52 times) and gearing ratio (debts/total assets) was 58.96% (30 June 2023: 53.6%).

USE OF PROCEEDS FROM SHARE SUBSCRIPTIONS AND OPEN OFFER

The First Subscription, the Open Offer and the Debt Restructuring are integral parts of the Resumption Proposal to facilitate Resumption. Relevant details are as follows:

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

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

The First Subscription

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

The Open Offer

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

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

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

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

Capitalised terms used in the sub-sections headed “The First Subscription” and “The Open Offer” shall have the same meanings as those defined in the circular issued by the Company dated 31 December 2021, unless the context requires otherwise. For more details, please refer to the announcements of the Company dated 21 January 2022, 25 January 2022, 25 February 2022, 8 March 2022 and 9 March 2022, the circular of the Company dated 31 December 2021 and the prospectus of the Company dated 9 February 2022.

The Second Subscription

To strengthen the financial position (in particular the working capital and cash flow position) of the Group, on 26 October 2022, the Company entered into two separate conditional Subscription Agreements with Mr. Fan Lian and Mr. Tian Xin to proceed with the Second Subscription. Pursuant to the Subscription Agreements, Mr. Fan Lian and Mr. Tian Xin have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 610,000,000 Subscription Shares at a price of HK\$0.115 per Subscription Share. The completion of the Second Subscription took place on 8 November 2022. The 610,000,000 Subscription Shares were issued under the general mandate obtained at the annual general meeting of the Company held on 28 June 2022.

The gross proceeds arising from the Second Subscription were HK\$70,150,000. The Subscription Price of HK\$0.115 per Subscription Share was the same as the closing price of HK\$0.115 per Share as quoted on the Stock Exchange on 26 October 2022, being the date of the Subscription Agreements. After deduction of relevant expenses of the Second Subscription, the net proceeds arising from the Second Subscription amounted to approximately HK\$70,030,000 (equivalent to a net price per Subscription Share of approximately HK\$0.1148). The net proceeds arising from the Second Subscription would be used by the Company (i) as to approximately 70% or more of the net proceeds for enhancement of existing business of the Group and for business expansion of the Company, including but not limited to investment in freight and logistics services, digital economy related business, highway service and/or other potential business development when such opportunities arise; and (ii) the remaining net proceeds as general working capital of the Group.

Capitalised terms used in this sub-section headed “The Second Subscription” shall have the same meanings as those defined in the announcement of the Company dated 26 October 2022, unless the context requires otherwise.

The Third Subscription

To further strengthen financial position of the Company, the Company entered into a separate conditional subscription agreement (the “2023 Subscription Agreement”) with Hot Mediatech Group Pte. Ltd. (“Hot Mediatech”), which is wholly-owned by Ms. Li Jiayi, on 24 November 2023 to proceed with the Third Subscription. Pursuant to the 2023 Subscription Agreement, Hot Mediatech has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 700,000,000 Subscription Shares at a price of HK\$0.115 per Subscription Share. The completion of the Third Subscription took place on 8 December 2023. The 700,000,000 Subscription Shares were issued under the general mandate obtained at the general meeting of the Company held on 3 April 2023.

The gross proceeds arising from the Third Subscription were HK\$80,500,000. The subscription price of HK\$0.115 per Subscription Share was at premium of 40.24% to the closing price of HK\$0.087 per Share as quoted on the Stock Exchange on 24 November 2023, being the date of the 2023 Subscription Agreement. After deduction of relevant expenses of the Third Subscription, the net proceeds arising from the Third Subscription amounted to approximately HK\$80,400,000 (equivalent to a net price per Subscription Share of approximately HK\$0.1149). The net proceeds arising from the Third Subscription would be used by the Company as to (i) approximately 74.63% for investment activities when such investment opportunities arise; and (ii) approximately 25.37% for general working capital.

Capitalised terms used in this sub-section headed “The Third Subscription” shall have the same meanings as those defined in the announcement of the Company dated 24 November 2023, unless the context requires otherwise.

Details of the breakdown and description of the use of net proceeds arising from the First Subscription, the Open Offer, the Second Subscription and the Third Subscription are set out below:

Intended use of net proceeds	Total planned amount	Net Proceeds				Expected timeline for the unutilised Net Proceeds
		Unutilised amount as at 1 July 2023	Net proceeds received during the Current Period	Utilised amount during the Current Period	Unutilised amount as at 31 December 2023	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Proceeds from the First Subscription and the Open Offer						
Settlement of debt under the Debt						
Restructuring	160,000	106,908	-	21,047	85,861	Year 2024
Business expansion	51,185	-	-	-	-	-
General working capital	24,600	-	-	-	-	-
Proceeds from the Second Subscription						
Business enhancement and business expansion						
	49,030	-	-	-	-	-
General working capital	21,000	2,899	-	2,899	-	Year 2023
Proceeds from the Third Subscription						
Investment activities	60,000	-	60,000	-	60,000	Year 2024
General working capital	20,400	-	20,400	2,865	17,535	Year 2024
Total	386,215	109,807	80,400	26,811	163,396	Year 2024

The net proceeds arising from the First Subscription, the Open Offer, the Second Subscription and the Third Subscription were used according to the intentions previously disclosed by the Company. Nevertheless, the Directors will constantly evaluate the Group's business objectives and may change or modify the plan against changing market conditions to ascertain the business growth of the Group.

MATERIAL ACQUISITION, DISPOSAL AND SIGNIFICANT INVESTMENTS HELD

On 27 December 2023, Million Best International Enterprise Limited ("Million Best"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Xie Minxiong ("Mr. Xie"), pursuant to which Million Best has conditionally agreed to purchase, and Mr. Xie has conditionally agreed to sell, the entire issued shares of City Gear and the unsecured, non-interest-bearing loan owed by City Gear and its subsidiaries to Mr. Xie at a consideration of up to HK\$90,000,000 (the "Proposed Acquisition"). Following the completion of the Proposed Acquisition, City Gear will become an indirect wholly-owned subsidiary of the Company. As at the date of this report, the Proposed Acquisition has not yet been completed.

Save as the Proposed Acquisition, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Current Period and did not have any significant investments held as at 31 December 2023.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 31 December 2023, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 31 December 2023, 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 the six months ended 31 December 2023. 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 2023, the Group had 346 employees (including the Directors) in Hong Kong and the PRC (30 June 2023: 382). Information of staff cost for the Current Period is set out in note 9 to the condensed consolidated interim financial statements. The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be reviewed from time to time when warranted considering the performance of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group continues to provide necessary employee training on a regular basis in order to maintain the quality of business operation and services to customers. There has been no major change in employee policies during the six months ended 31 December 2023.

BORROWINGS AND CHARGES ON THE GROUP'S ASSETS

As at 31 December 2023, the Group recorded the bank loans, other loans and corporate bonds of approximately HK\$24,594,000, HK\$38,550,000 and HK\$101,714,000 respectively. Motor vehicles of non-current assets with carrying value of approximately HK\$25,201,000 had been pledged to bank loans. Another motor vehicles with carry value of approximately HK\$7,754,000 and issued share capital of the subsidiaries of the Company of approximately HK\$8,085,000 was pledged to the corporate bonds.

All other loans are unsecured, bearing interest rate of 4% to 4.5% and repayable on demand or within one year. Bank loans are secured, bearing interest rate of 4.816% and repayable in 4 years from the borrowings date. The corporate bond is secured, bearing interest of 4.5% and repayable within one year.

CAPITAL COMMITMENTS

Details of capital commitments were disclosed in note 20 to the condensed consolidated interim financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities were disclosed in note 18 to the condensed consolidated interim financial statements in this report.

EVENTS AFTER THE REPORTING PERIOD

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

OTHER INFORMATION

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

As at 31 December 2023, 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 C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long Position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of interest in the Company
Mr. Ji Kaiping ("Mr. Ji")	Interest of a controlled corporation	972,500,000 (Note 1)	22.16%
Mr. Guo Peiyuan ("Mr. Guo")	Interest of a controlled corporation	615,500,000 (Note 2)	14.03%
Mr. Qiu Keshan	Beneficial Owner	3,140,000	0.07%

Notes:

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

Save as disclosed above, as at 31 December 2023, none of the Directors and/or chief executive of the Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

At 31 December 2023, 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 of shareholder	Capacity/ Nature of interest	Long position/ short position	Number of Shares held	Approximately percentage of total number of Shares in issue
Thousand Joy (Note 1)	Beneficial owner	Long position	972,500,000	22.16%
Hot Mediatech Group Pte. Ltd. ("Hot Mediatech") (Note 2)	Beneficial owner	Long position	700,000,000	15.95%
Ms. Li Jiayi ("Ms. Li") (Note 2)	Interest of a controlled corporation	Long position	700,000,000	15.95%
Hontin Ocean (Note 3)	Beneficial owner	Long position	615,500,000	14.03%
Mr. Tian Xin	Beneficial owner	Long position	433,000,000	9.87%

Notes:

- (1) Thousand Joy is wholly owned by Mr. Ji.
- (2) Hot Mediatech is wholly owned by Ms. Li. Ms. Li is deemed to be interested in all the Shares held by Hot Mediatech.
- (3) Hontin Ocean is wholly owned by Mr. Guo.

Save as disclosed above, as at 31 December 2023, 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 31 December 2023 were rights to acquire benefits by means of the acquisition of Shares in or debenture of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors nor their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the six months ended 31 December 2023.

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

Except for the issue of 700,000,000 Shares by the Company to Hot Mediatech on 8 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

The Board and the management are committed to maintaining and ensuring high standards of corporate governance as good corporate governance can safeguard the interests of all shareholders and enhance corporate value. The Company has adopted the principles and code provisions of the Corporate Governance Code ("CG Code") as set out in Part 2 of Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices. During the six months ended 31 December 2023, the Company was in compliance with the relevant code provisions set out in the CG Code except for the deviations explained below.

The code provision	Reasons for the non-compliance and improvement actions took or to be taken
C.2.1	The Company has not appointed a chief executive officer as role and functions of chief executive officer have been performed by all the executive Directors collectively. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives effectively and efficiently in response to the changing environment. The Board will continuously assess whether any changes are necessary.

AUDIT COMMITTEE

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

The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, risk management and internal control systems, and review of the Group’s financial information. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the six months ended 31 December 2023 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 31 December 2023.

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 31 December 2023.

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

Hong Kong, 28 February 2024

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