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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)

**PLACING OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

Placing Agent

平安證券有限公司
Ping An Securities Limited

On 28 October 2014 after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six (6) Placées to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$30,130,000. Based on the initial conversion price of HK\$0.23 per Share (subject to adjustments), a maximum number of 131,000,000 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds in full, which represent approximately 5.03% of the existing issued share capital of the Company and approximately 4.79% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Assuming the maximum amount of the Convertible Bonds has been placed under the Placing, the aggregate gross proceeds and net proceeds to the Company from the Placing of the Convertible Bonds (after deducting related expenses) are estimated to be of approximately HK\$30,130,000 and HK\$28,800,000 respectively. The Company intends to use the net proceeds as general working capital.

The Conversion Shares will be issued under the General Mandate and no additional approval for the allotment and issue of the Conversion Shares from the Shareholders is required.

Completion of the Placing is subject to the satisfaction of the condition precedent as set out in the paragraph headed “The Placing Agreement – Conditions Precedent” below. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Board wishes to announce that on 28 October 2014, after trading hours, the Company entered into the Placing Agreement with the Placing Agent, the principal terms of which are summarised below.

THE PLACING AGREEMENT

Date

28 October 2014, after trading hours

Parties

- (a) the Company as the issuer; and
- (b) Ping An Securities Limited as the Placing Agent.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Subject Matter of the Placing Agreement

The Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six (6) Placees who are Independent Third Parties to subscribe for the Convertible Bonds of up to an aggregate principal amount of HK\$30,130,000. The Convertible Bonds are attached with conversion rights to convert at the Conversion Price of HK\$0.23 (subject to adjustments) per Conversion Share.

Placees

The Placing Agent shall use all reasonable endeavours to ensure that the Placees and their ultimate beneficial owners shall be Independent Third Parties.

Placing Commission

The Placing Agent will be entitled to receive a placing commission of 3.0% of the aggregate principal amount of the Convertible Bonds being successfully placed and an additional financial advisory and document fee of HK\$300,000. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Conditions Precedent

Completion of the Placing shall be conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares; and
- (b) each of the Company and the Placing Agent having obtained all necessary consents and approvals in respect of the Placing Agreement and the transactions contemplated thereunder (including the issue of the Convertible Bonds).

If any of the conditions precedent above is not fulfilled by 5:00 p.m. (Hong Kong time) on 14 November 2014 (or such other date as agreed between the Placing Agent and the Company in writing), the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against each other, save for any antecedent breach of the obligation under the Placing Agreement.

Completion of the Placing of the Convertible Bonds

The Placing shall be completed on the Closing Date.

On the Closing Date, the Company shall issue to the Placing Agent or the Placees as the Placing Agent may direct, the Convertible Bonds and the Placing Agent shall make payment for the principal amounts of the Convertible Bonds being placed or subscribed (subject to deductions for the commissions, fees and expenses payable by the Company).

Rescission

If any of the following events occurs at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, the Placing Agent may, by giving a written notice to the Company, at any time prior to 5:00 p.m. on the Business Day prior to the Closing Date, rescind the Placing Agreement without liability to the other parties thereto and save for certain provisions relating to confidentiality, rescission and notice, the Placing Agreement shall thereupon cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof:

- (a) if there has come to the notice of the Placing Agent:
 - (i) any material breach of the Warranties; or
 - (ii) any material breach of any of the obligations imposed upon the Company; or
 - (iii) any act or thing done by or omission of any member of the Group otherwise than in the ordinary course of business whereby any of the Warranties would not be true in any material respect if given at that time;

- (b) if there develops, occurs, or comes into effect the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (c) if there is introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof which materially and adversely affects the business or financial performance of the Company or any member of the Group.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarized below:

Principal amount	:	Up to an aggregate principal amount of HK\$30,130,000.
Maturity Date	:	The date falling on the expiry of the twelfth month from the date of issue.
Interest	:	The Convertible Bonds bear interest from the date of issue at 6% per annum on the principal amount of the Convertible Bonds from time to time outstanding and payment to be made on the Maturity Date.
Conversion Price	:	HK\$0.23 per Conversion Share, subject to the adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds.

The Conversion Price of HK\$0.23 per Conversion Share represents:

- i. a premium of approximately 0.88% to the closing price of HK\$0.228 per Share as quoted on the Stock Exchange on 28 October 2014, being the date of the Placing Agreement;
- ii. a discount of approximately 1.12% to the average closing price of approximately HK\$0.2326 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately before the date of the Placing Agreement; and
- iii. a discount of approximately 1.41% to the average closing price of approximately HK\$0.2333 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the date of the Placing Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent after considering the current market sentiment, liquidity flow in the capital market and the historical Share prices.

Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events:

- i. consolidation or subdivision of Shares;
- ii. capitalization of profits or reserves;
- iii. capital distribution;

- iv. offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 80% of the market price per Share to Shareholders;
- v. issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 80% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 80% of such market price; and
- vi. issue of Shares being made wholly for cash or for acquisition of assets at a price less than 80% of the market price per Share.

Conversion Shares : Based on the initial Conversion Price of HK\$0.23, a maximum number of 131,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, which represent:

- i. approximately 5.03% of the existing issued share capital of the Company; and
- ii. approximately 4.79% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares upon exercise in full of the conversion right attaching to the Convertible Bonds.

The Conversion Shares shall be allotted and issued pursuant to the General Mandate.

Conversion Period : Any time after the date of issue of the Convertible Bonds and up to and including the Maturity Date.

Conversion Rights : The Bondholders may at any time during the Conversion Period require the Company to convert the whole or any part of the principal amount outstanding (in minimum amount of HK\$100,000 or whole multiple thereof) under the Convertible Bonds into Shares. The Conversion Shares shall be allotted and issued in board lots in the name of the Bondholder or if it so directs any other persons pursuant to such conversion and shall be delivered to the Bondholder within fourteen (14) Business Days after the date of presentation of the relevant original certificate issued in respect of the Convertible Bonds. Any balance of the Convertible Bonds not converted shall be returned to the Bondholder.

No fraction of a Share will be issued on conversion and no cash adjustments will be made in respect thereof. The Conversion Shares shall be entitled to all dividends, bonuses and other distributions the record date of which falls on a date on or after the date of issue and allotment of the Conversion Shares.

Conversion restrictions : Upon exercise of the Conversion Rights attaching to the Convertible Bonds,

- i. the Bondholders and their respective associates, together with parties acting in concert (as defined in the Takeovers Code) with them, will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code;
- ii. the public float of the Company will not be unable to meet the relevant requirements under the Listing Rules;

- iii. no conversion rights may be exercised by any person who is a restricted holder (where a Bondholder who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of the conversion rights by such Bondholder or the performance by the Company of the obligations expressed to be assumed by it under the conditions or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction), and the exercise of any conversion rights by the Bondholder shall constitute a confirmation, representation and warranty by it to the Company that it is not a restricted holder and that all necessary governmental, regulatory or other consents or approvals and all formalities have been obtained and observed by it to enable it to exercise legally and validly the relevant conversion rights, to hold the Conversion Shares allotted and issued upon exercise of the Conversion Rights, and the Company to legally and validly allot and issue the Conversion Shares.

In the event that the number of Conversion Shares fall to be issued upon the exercise of the Conversion Rights based on the Conversion Price exceeds the number of Shares that are issuable under the General Mandate granted to the Directors of the Company at the annual general meeting of the Company held on 23 May 2014 to allot or otherwise deal with the unissued Shares (the shortfall Conversion Shares shall be referred to as “Exceeded Conversion Shares”), the Conversion Rights attached to the principal amount of the Convertible Bonds attributable to the Exceeded Conversion Shares (which shall be calculated by multiplying the number of Exceeded Conversion Shares with the then Conversion Price) shall cease. Under such circumstances, the Company will process the conversion notices in respect of exercise of conversion rights attached to the Convertible Bonds received after the effective date of the adjustments on a first-come-first-served basis (provided that the maximum aggregate number of Conversion Shares that can be allotted and issued under the Bonds shall not exceed the number Shares issuable under the General Mandate) and the relevant Bondholder (of the Bonds attributable to the Exceeded Conversion Shares) will receive redemption amount in cash for such principal amount and accrued interest on the earlier of (i) the Maturity Date and (ii) the date on which the Company early redeems the Bonds.

Redemption : The Convertible Bonds shall not be redeemed (in whole or in part) at the option of the Company commencing from the date of issue of the Convertible Bonds to the Maturity Date.

Any principal amount of the Convertible Bonds which has not been converted in accordance with the terms and conditions of the Bond by the Maturity Date shall be redeemed by the Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of the outstanding Convertible Bonds (together with all interest accrued thereon).

- Ranking : The Conversion Shares issued upon exercise of Conversion Rights attaching to the Convertible Bonds shall rank pari passu in all respects with all other existing Shares outstanding at the date of the conversion notice and all Conversion Shares shall include rights to participate in all dividends, bonuses and other distributions the record date of which falls on or after the date of issue and allotment of the Conversion Shares.
- Voting : The Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only of being the holders of the Convertible Bonds.
- Transferability : The Convertible Bonds are assignable and transferable subject to the applicable laws and regulations, and the Listing Rules.
- Application for listing : No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.
- Event of Default : If, among others, any of the following events occurs, the holder(s) of the Convertible Bonds may give notice to the Company that the Convertible Bonds are due and payable at its principal amount together with any accrued interest calculated up to and including the date of repayment:
- i. the Company fails to pay the principal when due or the Company fails to pay interest on the Convertible Bond when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 14 Business Days of the due date thereof; or

- ii. the Company defaults in performance or observance or compliance with any of its other obligations set out herein which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the holder of the Convertible Bonds remedied within 14 Business Days after notice of such default shall have been given to the Company by such Bondholder; or
- iii. any bank borrowings of the Company, or its subsidiaries (“Major Subsidiaries”) with net asset value as shown in the respective latest published accounts thereof amounts to 50% or more of that of the Company are not paid when due, or as the case may be, within any applicable grace period; or
- iv. the Company or its Major Subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution; or
- v. an encumbrancer takes possession or a receiver, manager or other similar officer is appointed on the whole or any substantial part of the undertaking, property, assets or revenues of the Company or its Major Subsidiaries; or

- vi. the Company or any of its Major Subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its Major Subsidiaries on the whole or any part of the undertaking, property, assets or revenues of the Company or its Major Subsidiaries or takes any proceeding under any law for readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- vii. an order is made or an effective resolution passed for winding-up of the Company or any of its Major Subsidiaries except in the case of winding-up for the purpose of the reorganisation of the Group structure of the Company and its Major Subsidiaries; or
- viii. a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its Major Subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its Major Subsidiaries; or
- ix. suspension of trading of the Shares on the Stock Exchange or a recognised stock exchange for a continuous period of 20 Business Days and which will constitute a material adverse effect on the Group's business, operations, assets, financial condition; or
- x. the Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are (i) the shareholding structure of the Company as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds of the Company:

Shareholders	As at the date of this announcement		Upon full conversion of the Convertible Bonds (Note 2)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Choi Chung Lam	333,600,000	12.82	333,600,000	12.21
Yang Fan (Note 1)	588,186,432	22.60	588,186,432	21.52
Placees	–	–	131,000,000	4.79
Public shareholders	<u>1,680,520,568</u>	<u>64.58</u>	<u>1,680,520,568</u>	<u>61.48</u>
Total	<u><u>2,602,307,000</u></u>	<u><u>100.00</u></u>	<u><u>2,733,307,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Yang Fan is currently an executive Director and Chairman of the Company; and
2. This does not include any Shares which may be issued pursuant to (i) the exercise of options of the Company in place as at the date of this announcement; and (ii) the subscription agreement dated 28 October 2014 entered into between the Company and Elite Fortune Global Limited for the subscription of 389,460,000 Shares (the “Subscription”), details are set out in another announcement of the Company dated 28 October 2014.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR AND BENEFITS OF THE PLACING

The Group is principally engaged in coking coal trading business, outdoor media advertising and media related services.

The Directors have considered various ways of raising funds in the capital market and consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) if the conversion rights attaching to the Convertible Bonds are exercised, the shareholder base of the Company will be enlarged and the financial position of the Group will be improved for establishing and strengthening the existing and future business of the Group. The Board considers that the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$1,330,000 in connection with the Placing. Assuming the maximum amount of the Convertible Bonds has been placed under the Placing, the aggregate gross proceeds and net proceeds from the Placing (after deducting related expenses) are estimated to be of approximately HK\$30,130,000 and HK\$28,800,000 respectively. On such basis, the net price of the Company of each Conversion Share is approximately HK\$0.22. The Company intends to use the net proceeds as general working capital.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Subscription, the Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, 131,000,000 Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 23 May 2014 approving the General Mandate. The maximum number of Shares allowed to be allotted and issued under the General Mandate was 520,461,400 Shares. As at the date of this announcement, none of the Shares have been issued by the Company under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Convertible Bonds
“Business Day”	a day (other than Saturday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general banking business
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Closing Date”	18 November 2014 or such other date as agreed in writing by the Company and the Placing Agent in respect of the Placing
“Company”	National United Resources Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange

“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the day of Completion
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$30,130,000 to be issued by the Company convertible to the Conversion Shares at the Conversion Price
“Conversion Period”	the period commencing from the date of issue of the Convertible Bonds and up to and including the Maturity Date
“Conversion Price”	HK\$0.23 per Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon exercise of the Conversion Rights attaching to the Convertible Bonds
“Director(s)”	directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 23 May 2014 to allot, issue and deal with up to 520,461,400 new Shares, being 20% of the then issued capital of the Company as at the date of the said annual general meeting

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the twelfth month from the date of issue of the Convertible Bonds
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Bonds on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Ping An Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement dated 28 October 2014 entered into between the Placing Agent and the Company in relation to the Placing
“Share(s)”	the ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Warranties”	the representations, warranties and undertakings of the Company under the Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
National United Resources Holdings Limited
Yang Fan
Chairman

Hong Kong, 28 October 2014

As at the date of this announcement, the executive Directors are Mr. Yang Fan (Chairman), Mr. Lo Ka Wai, Mr. Aminbuhe, Mr. Feng Yongming and Mr. Tang Lap Chin, Richard; the non-executive Director is Ms. Mou Ling and the independent non-executive Directors are Mr. Wang Qun, Mr. Chow Hiu Tung and Dr. Yang Zhi Shu.