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NATIONAL UNITED RESOURCES HOLDINGS LIMITED

國家聯合資源控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 254)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

RESULTS

The board (the “Board”) of directors (the “Directors”) of National United Resources Holdings Limited (the “Company”) hereby presents the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 (the “Current Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

		Six months ended	
		30 June	
	<i>Notes</i>	2015	2014
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	14,627	279,935
Cost of sales and services		(6,917)	(217,735)
Gross profit		7,710	62,200
Other income		8,169	7,103
Gain on disposal of subsidiaries		11,671	–
Administrative and other operating expenses		(42,970)	(43,949)
Finance costs	6	(9,473)	(7,224)
(Loss)/profit before tax		(24,893)	18,130
Income tax expense	7	(726)	(9,552)
(Loss)/profit for the period	8	(25,619)	8,578
Attributable to:			
Owners of the Company		(25,589)	8,651
Non-controlling interests		(30)	(73)
		(25,619)	8,578
(Loss)/earnings per share attributable to ordinary equity holders of the Company			
– Basic and diluted	10	HK(0.79) cents	HK0.33 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period	(25,619)	8,578
Other comprehensive income for the period, net of tax:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations		
Exchange differences arising during the period	93	13
Reclassification adjustments related to foreign operations disposed during the period	<u>(3,566)</u>	<u>–</u>
Total comprehensive (loss)/income for the period	<u>(29,092)</u>	<u>8,591</u>
Attributable to:		
Owners of the Company	(29,062)	8,664
Non-controlling interests	<u>(30)</u>	<u>(73)</u>
	<u><u>(29,092)</u></u>	<u><u>8,591</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	<i>11</i>	44,415	7,923
Goodwill	<i>12</i>	10,924	5,245
Intangible assets		99,450	102,150
Club membership		150	150
Interests in associates		28,743	28,743
Deposits for acquisition of property, plant and equipment		2,147	2,147
		185,829	146,358
Current assets			
Trade receivables	<i>13</i>	14,329	32,489
Prepayments, deposits and other receivables	<i>14</i>	520,648	530,663
Bond receivables	<i>15</i>	70,000	–
Cash and bank balances		73,168	2,879
		678,145	566,031
Current liabilities			
Trade payables	<i>16</i>	76,800	84,124
Other payables and accruals	<i>17</i>	50,082	64,305
Tax payable		26,062	31,237
Other borrowings	<i>18</i>	20,513	46,473
Finance lease payables	<i>19</i>	818	794
Convertible bonds	<i>20</i>	15	28,135
Non-convertible bonds	<i>21</i>	248,538	48,171
		422,828	303,239
Net Current Assets		255,317	262,792
Total assets less current liabilities		441,146	409,150

		As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)
Non-Current Liabilities			
Non-convertible bonds	21	46,059	181,155
Finance lease payables	19	2,419	2,834
Deferred tax liabilities		28,729	25,538
		<hr/> 77,207 <hr/>	<hr/> 209,527 <hr/>
NET ASSETS		<hr/> 363,939 <hr/>	<hr/> 199,623 <hr/>
Capital and reserves			
Share capital	22	2,513,887	2,321,311
Other reserves		(2,152,728)	(2,122,719)
		<hr/> 361,159 <hr/>	<hr/> 198,592 <hr/>
Equity attributable to owners of the Company		361,159	198,592
Non-controlling interests		2,780	1,031
		<hr/> 2,780 <hr/>	<hr/> 1,031 <hr/>
EQUITY		<hr/> 363,939 <hr/>	<hr/> 199,623 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company (unaudited)								
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Equity component of convertible bonds HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2014 (audited)	130,115	2,101,620	18,671	–	3,782	(2,105,433)	148,755	(13,846)	134,909
Profit for the period	–	–	–	–	–	8,651	8,651	(73)	8,578
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	13	–	13	–	13
Total comprehensive income for the period	–	–	–	–	13	8,651	8,664	(73)	8,591
Transition to no-par value regime on 3 March 2014	2,101,620	(2,101,620)	–	–	–	–	–	–	–
Changes in equity for the period	2,101,620	(2,101,620)	–	–	13	8,651	8,664	(73)	8,591
At 30 June 2014	<u>2,231,735</u>	<u>–</u>	<u>18,671</u>	<u>–</u>	<u>3,795</u>	<u>(2,096,782)</u>	<u>157,419</u>	<u>(13,919)</u>	<u>143,500</u>
At 1 January 2015 (audited)	2,321,311	–	46,373	948	4,040	(2,174,080)	198,592	1,031	199,623
Loss for the period	–	–	–	–	–	(25,589)	(25,589)	(30)	(25,619)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations									
– Exchange differences arising during the period	–	–	–	–	93	–	93	–	93
– Reclassification adjustments related to foreign operations disposed during the period	–	–	–	–	(3,566)	–	(3,566)	–	(3,566)
Total comprehensive loss for the period	–	–	–	–	(3,473)	(25,589)	(29,062)	(30)	(29,092)
Issue of new shares upon subscription	157,200	–	–	–	–	–	157,200	–	157,200
Share issuance cost	(1,124)	–	–	–	–	–	(1,124)	–	(1,124)
Issue of new shares upon exercise of share options and lapsed of share options	6,515	–	(7,124)	–	–	7,124	6,515	–	6,515
Conversion of convertible bonds	29,985	–	–	(947)	–	–	29,038	–	29,038
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,779	1,779
Changes in equity for the period	192,576	–	(7,124)	(947)	(3,473)	(18,465)	162,567	1,749	164,316
At 30 June 2015	<u>2,513,887</u>	<u>–</u>	<u>39,249</u>	<u>1</u>	<u>567</u>	<u>(2,192,545)</u>	<u>361,159</u>	<u>2,780</u>	<u>363,939</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(18,030)	(165,233)
Interest received	7	9
Purchases of items of property, plant and equipment	(16)	(2,633)
Acquisition and disposal of subsidiaries, net	(44,335)	–
Purchases of a shareholding in an associate	–	(950)
Subscription of new shares of an associate	–	(15,912)
Subscription of bonds	(70,000)	–
NET CASH USED IN INVESTING ACTIVITIES	(114,344)	(19,486)
New other borrowings raised	–	22,415
Repayment of other borrowings	(23,582)	–
Repayment of bonds	(27,000)	–
Proceeds from issue of new bonds (note 21)	91,000	176,000
Proceeds from exercise of share options	6,515	–
Proceeds from issue of shares by subscription	157,200	–
Payment of bonds issue expenses	(1,100)	(4,830)
Capital element of finance lease rental payments	(391)	(181)
NET CASH FROM FINANCING ACTIVITIES	202,642	193,404
NET INCREASE IN CASH AND CASH EQUIVALENTS	70,268	8,685
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	2,879	46,936
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	21	(31)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	73,168	55,590
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	73,168	55,590

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong with limited liability. The address of its registered office and principal place of business is Suite 5208, 52/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group was principally engaged in coking coal trading and outdoor media advertising and media related services during the Current Period.

2. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), including compliance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the financial year ended 31 December 2014 that is included in this interim results announcement as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 are consistent with those adopted in the preparation of the Group's financial statements for the year ended 31 December 2014 except for the impact of the adoption of the new and revised standards, amendments and interpretations (the "New HKFRSs").

In the Current Period, the Group has adopted all the following New HKFRSs issued by the HKICPA which are effective for the Group's accounting period beginning on 1 January 2014:

HKAS 19 (Amendments)	<i>Defined Benefit Plans: Employee Contributions</i>
HKFRSs (Amendments)	<i>Annual Improvements HKFRSs 2010-2012 Cycle</i>
HKFRSs (Amendments)	<i>Annual Improvements HKFRSs 2011-2013 Cycle</i>

The adoption of the above New HKFRSs has had no significant effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented.

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

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

- (i) media and advertising segment; and
- (ii) trading of coking coal segment.

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 (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that interest and other income and finance costs as well as 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, income tax payable, deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

There were no inter-segment sales in the Current Period (2014: Nil).

	Media and advertising		Trading of coking coal		Total	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue						
Sales to external customers	14,627	3,100	–	276,835	14,627	279,935
Segment results	5,615	(8,133)	(5,312)	61,986	303	53,853
Reconciliation:						
Interest income					7	9
Other income					8,162	7,094
Gain on disposal of subsidiaries					11,671	–
Depreciation and amortisation					(4,547)	(3,602)
Corporate and other unallocated expenses					(31,016)	(32,000)
Finance costs					(9,473)	(7,224)
(Loss)/profit before tax					(24,893)	18,130

	Media and advertising		Trading of coking coal		Total	
	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December
	2015	2014	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Segment assets	8,263	33,363	459,409	478,849	467,672	512,212
Reconciliation:						
Intangible assets					99,450	102,150
Corporate and other unallocated assets					296,852	98,027
Total assets					863,974	712,389
Segment liabilities	11,218	15,438	99,938	107,978	111,156	123,416
Reconciliation:						
Other borrowings					20,513	46,473
Bonds					294,612	257,461
Corporate and other unallocated liabilities					73,754	85,416
Total liabilities					500,035	512,766

Geographical information

(a) Revenue from external customers

	Six months ended	
	30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong	–	51,883
The People's Republic of China ("PRC")	14,627	224,952
Mongolia	–	3,100
	<u>14,627</u>	<u>279,935</u>

The above revenue information is based on the locations of the customers.

(b) Non-current assets

	At	At
	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Hong Kong	7,090	8,306
PRC	112,937	121,996
Mongolia	65,802	16,056
	<u>185,829</u>	<u>146,358</u>

The above non-current assets information is based on the locations of the assets.

Revenue from operations of approximately HK\$4,707,000, HK\$3,883,000 and HK\$2,786,000 (2014: HK\$104,428,000, HK\$78,603,000, HK\$51,883,000 and HK\$41,519,000) were derived from service income from media and advertising segment (2014: sales income from trading of coking coal segment) to three (2014: four) customers which contributed 10% or more to the Group's revenue for the six months ended 30 June 2015.

5. REVENUE

Revenue represents the net invoiced value of goods sold and the value of services rendered during the period.

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Sales of goods	–	276,835
Media and advertising services income	<u>14,627</u>	<u>3,100</u>
	<u>14,627</u>	<u>279,935</u>

6. FINANCE COSTS

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Bank charges	30	3,435
Interest on bonds		
– non-convertible bonds	9,005	3,737
– convertible bonds	(389)	–
Interest on finance leases	96	52
Interest on other borrowings	<u>731</u>	<u>–</u>
	<u>9,473</u>	<u>7,224</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current tax – charge for the period		
Hong Kong	–	10,227
PRC	1,401	–
Deferred tax	(675)	(675)
	<u>726</u>	<u>9,552</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the law of PRC on Enterprise Income Tax, the applicable income tax rate of the Group's subsidiaries in the PRC is 25% (2014: 25%).

8. (LOSS)/PROFIT FOR THE PERIOD

	Six months ended	
	30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
(Loss)/profit for the period has been arrived at after charging:		
Cost of inventories sold	–	189,575
Directors' remuneration	4,416	3,761
Other staff salaries and other benefits	8,377	6,949
Contributions to retirement benefit schemes	424	89
Total employee benefit expense	13,217	10,799
Depreciation	1,847	902
Amortisation	2,700	2,700
and after crediting:		
Interest income	(7)	(9)
Written back of provision of PRC tax surcharge	–	(6,900)
Gain of trading of finance assets at fair value through profit or loss	(6,182)	–

9. INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Current Period (2014: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amount is based on the (loss)/profit for the period attributable to ordinary equity holders of the Company of approximately HK\$25,589,000 (2014: profit of HK\$8,651,000) and the weighted average number of ordinary shares of 3,249,682,000 (2014: 2,602,307,000) in issue during the period.

In respect of the diluted (loss)/earnings per share amounts presented, no adjustment has been made to the basic (loss)/earnings per share amounts presented for the six months ended 30 June 2015 and 2014 as the impact of the share options and convertible bonds outstanding during these periods had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost					
As at 1 January 2014	1,201	780	250	2,798	5,029
Additions	1,175	423	268	4,497	6,363
Exchange realignment	(3)	(1)	(1)	–	(5)
As at 31 December 2014	2,373	1,202	517	7,295	11,387
Additions	–	4	12	–	16
Acquisition of a subsidiary	–	–	–	38,685	38,685
Disposal of a subsidiary	–	(85)	(36)	(1,442)	(1,563)
Exchange realignment	2	1	1	(24)	(20)
As at 30 June 2015	2,375	1,122	494	44,514	48,505
Accumulated depreciation					
As at 1 January 2014	67	390	21	743	1,221
Provided for the period	636	191	98	1,316	2,241
Exchange realignment	1	1	–	–	2
As at 31 December 2014	704	582	119	2,059	3,464
Provided for the period	321	116	66	1,344	1,847
Disposal of a subsidiary	–	(81)	(24)	(1,118)	(1,223)
Exchange realignment	–	3	(1)	–	2
As at 30 June 2015	1,025	620	160	2,285	4,090
Net carrying amount					
As at 30 June 2015	<u>1,350</u>	<u>502</u>	<u>334</u>	<u>42,229</u>	<u>44,415</u>
As at 31 December 2014	<u>1,669</u>	<u>620</u>	<u>398</u>	<u>5,236</u>	<u>7,923</u>

The net carrying amount of the Group's motor vehicles held under finance leases at 30 June 2015 amounted to HK\$3,354,000 (2014: HK\$3,809,000).

12. GOODWILL

	As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)
Cost		
At beginning of the period	1,252,228	1,252,228
Derecognised on disposal of a subsidiary	(1,252,228)	–
Arising from acquisition of a subsidiary	<u>10,924</u>	<u>–</u>
At end of the period	<u>10,924</u>	<u>1,252,228</u>
Accumulated impairment		
At beginning of the period	1,246,983	1,246,983
Derecognised on disposal of a subsidiary	<u>(1,246,983)</u>	<u>–</u>
At end of the period	<u>–</u>	<u>1,246,983</u>
Net carrying amount	<u><u>10,924</u></u>	<u><u>5,245</u></u>

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.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
0 – 30 days	4,026	–
31 – 60 days	–	9,367
61 – 90 days	–	6,209
Over 90 days but within 1 year	8,885	15,174
Over 1 year	1,418	1,739
	<u>14,329</u>	<u>32,489</u>

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
Other receivables	69,394	60,632
Deferred expenses	–	2,557
Prepayments and deposits	465,513	481,733
	<u>534,907</u>	<u>544,922</u>
Impairment	(14,259)	(14,259)
	<u>520,648</u>	<u>530,663</u>

15. BOND RECEIVABLES

On 12 January 2015, the Company and Heng Xin China Holdings Limited (“HX”), which is an independent third party and its shares are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8046), entered into a conditional subscription agreement, pursuant to which, the Company conditionally agreed to subscribe for up to a maximum principal amount of HK\$80,000,000 11% coupon bond to be issued by HX (the “HX Bond”). The HX Bond will mature for redemption on the date immediately following twelve (12) months after the date of its issuance. Details of the subscription are set out in the announcements of the Company dated 12 January 2015 and 3 March 2015.

Completion of the subscription of the HX Bond in the principal amount of HK\$70,000,000 has taken place on 2 April 2015.

16. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
0 – 30 days	2,039	1,954
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days but within 1 year	<u>74,761</u>	<u>82,170</u>
	<u><u>76,800</u></u>	<u><u>84,124</u></u>

The trade payables are non-interest bearing and have an average 30-day terms.

17. OTHER PAYABLES AND ACCRUALS

	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
Other payables	13,849	20,410
Receipt in advance	23,451	23,450
Accruals	12,782	20,445
	<u>50,082</u>	<u>64,305</u>

18. OTHER BORROWINGS

	As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)
Vendor's loan	–	20,000
Other loans	20,513	26,473
	<u>20,513</u>	<u>46,473</u>

Pursuant to the sale and purchase agreement dated 16 September 2013 entered into by the Group for the acquisition of entire equity interest in Placid Expression Limited, the vendor advanced an unsecured and interest free loan in the principal amount of HK\$20,000,000 to the Group (“Vendor’s Loan”) for working capital.

The Vendor’s Loan was repaid by the Group to the vendor on 27 April 2015, after a certificate of profit guarantee has been received by the Company on 31 December 2014.

Further details of the profit guarantee are set out in announcements of the Company dated 16 September 2013 and 31 December 2014.

The other loans of HK\$9,129,000 (2014: HK\$13,627,000) are unsecured, interest-free and repayable on demand.

The other loans of HK\$11,384,000 (2014: HK\$11,346,000) with the effective interest rate of 12% per annum are unsecured and repayable within 1 year.

19. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)	As at 30 June 2015 <i>HK\$'000</i> (unaudited)	As at 31 December 2014 <i>HK\$'000</i> (audited)
Within one year	973	973	818	794
In the second year	973	973	866	841
In the third to fifth year, inclusive	<u>1,627</u>	<u>2,115</u>	<u>1,553</u>	<u>1,993</u>
Total minimum finance lease payments	3,573	4,061	<u>3,237</u>	<u>3,628</u>
Future finance charges	<u>(336)</u>	<u>(433)</u>		
Total net finance lease payables	3,237	3,628		
Portion classified as current liabilities	<u>(818)</u>	<u>(794)</u>		
Non-current portion	<u>2,419</u>	<u>2,834</u>		

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 3 to 4 years (2014: 4 to 5 years). The effective borrowing rate was 2.95% (2014: 2.95%) per annum. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

20. CONVERTIBLE BONDS

On 25 November 2014, the Company issued 6% convertible bonds (the “CB”) in a principal amount of HK\$30,000,000. The CB are convertible at the option of the bondholders into ordinary shares of the Company within twelve months from the date of issue, at a conversion price of HK\$0.23 (subject to adjustment). Any CB not converted will be fully redeemed on the redemption date at nominal value. The CB carry interest at a rate of 6% per annum, which is payable on the redemption date.

During the Current Period, part of the CB in the principal amount of HK\$29,985,000 were converted into 130,370,000 shares of the Company.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The fair value of the liability component of the CB as at 25 November 2014 amounted to approximately HK\$29,015,000. The fair value is calculated at a rate based on the discount rate of 9.598% and is within Level 2 of the fair value hierarchy. The residual amount is assigned as the equity component and is included in shareholders’ equity.

The CB recognised at the end of the reporting period are calculated as follows:

	<i>HK\$’000</i>
Nominal value of CB issued during 2014	30,000
Equity component	(948)
Direct transaction costs	<u>(1,125)</u>
Liability component at the issuance date	27,927
Interest expense	<u>208</u>
Liability component at 31 December 2014	28,135
Interest expense	173
Conversion during the period	<u>(28,293)</u>
Liability component at 30 June 2015	<u><u>15</u></u>

21. NON-CONVERTIBLE BONDS

During the Current Period, the Company further issued those 6% non-convertible bonds (the “Bonds”) in an aggregate principal amount of HK\$91,000,000. As at 30 June 2015, the Company issued the Bonds with total principal amount of HK\$297,500,000. The Bonds are redeemable at the discretion of the Company at 100% of the principal amount of such Bonds together with payment of interests accrued up to date of such early redemption by serving at least ten calendar days’ prior written notice at any time before the maturity date, in which the Bonds in the principal amount of HK\$80,000,000 are redeemable by the subscriber in following manner: (i) the subscriber may, at any time on or after 30 September 2015, serving at least two (2) days’ prior written notice on the Company for the Company to redeem in maximum amount of HK\$20,000,000 of the amount of the Bonds the subscriber holds, together with payment of interests accrued up to the date of such early redemption; and (ii) the subscriber, apart from the early redemption right as specified in (i) above, may at any time on or after 11 January 2016, serving at least four (4) days’ prior written notice on the Company for the Company to redeem a further in maximum HK\$30,000,000 of the amount of the Bonds the subscriber holds, together with payment of interests accrued up to the date of such early redemption. The Bonds in the principal amount of HK\$217,500,000 will be redeemed on the date immediately following twelve to twenty-four months after the first date of issue of the Bonds. The Bonds carry interest at a rate of 6% per annum, which is payable annually in arrears.

The Bonds recognised at the end of the reporting period are calculated as follows:

	At 30 June 2015 <i>HK\$’000</i> (unaudited)	At 31 December 2014 <i>HK\$’000</i> (audited)
Net carrying amounts at beginning of the period	229,326	20,860
Repayment of Bonds	(27,000)	–
Nominal value of the Bonds issued during the period	91,000	212,000
Directly attributable transaction costs	5,220	(4,905)
Interest expense in relation to amortised transaction costs for the period	(3,949)	1,371
Net carrying amount at end of the period	294,597	229,326
Portion classified as current liabilities	(248,538)	(48,171)
Non-current portion	<u>46,059</u>	<u>181,155</u>

22. SHARE CAPITAL

(i) Shares

	Number of shares '000	Par value HK\$'000
Authorised: (note a)		
Ordinary shares of HK\$0.05 each		
At 1 January 2014	4,000,000	200,000
	<u> </u>	<u> </u>
At 31 December 2014 (note b)	–	–
	<u> </u>	<u> </u>
	Number of shares '000	HK\$'000
Issued and fully paid:		
Ordinary shares of HK\$0.05 each		
At 1 January 2014	2,602,307	130,115
Transition to no-par value regime on 3 March 2014 (note c)	–	2,101,620
Issue of shares (note d)	389,460	89,576
	<u> </u>	<u> </u>
At 31 December 2014 and 1 January 2015	2,991,767	2,321,311
Issue of shares upon subscriptions (note e)	600,000	157,200
Issue of shares on exercise of share options (note f)	22,860	6,515
Issue of shares upon conversion of CB (note g)	130,370	29,985
Share issuance cost	–	(1,124)
	<u> </u>	<u> </u>
At 30 June 2015	3,744,997	2,513,887
	<u> </u>	<u> </u>

During the year ended 31 December 2014 and the six months ended 30 June 2015, the movements in share capital were as follows:

- (a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

- (b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's share no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (c) In accordance with the transitional provisions set out in section 37 of schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.
- (d) On 1 December 2014, 389,460,000 shares were issued at a price of HK\$0.23 per share under general mandate pursuant to the subscription agreement dated 28 October 2014.
- (e) On 27 April 2015 and 11 May 2015, the Company issued 100,000,000 shares and 500,000,000 shares respectively, at a price of HK\$0.262 per share under the general mandate granted to the Directors by a resolution of the independent shareholders of the Company passed at the extraordinary general meeting of the Company held on 19 January 2015 pursuant to the subscription agreements both dated 16 April 2015.
- (f) During the Current Period, the Company issued 22,860,000 shares upon exercise of an aggregate of 22,860,000 share options at an exercise price of HK\$0.285 per share.
- (g) During the Current Period, the Company issued 130,370,000 shares upon conversion of the CB in the principal amount of HK\$29,985,100 at the conversion price of HK\$0.23 per share.

23. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities as follows:

	As at 30 June 2015 HK\$'000 (unaudited)	As at 31 December 2014 HK\$'000 (audited)
Indemnity related to a former subsidiary (<i>note 24(b)</i>)	7,716	7,690

24. PENDING LITIGATIONS AND ARBITRATION CASE

At the end of the reporting period, the Group had the following pending litigations and an arbitration case:

- (a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK\$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the Directors were of the opinion that the Company had no obligation to pay the demanded amount. In January 2005, an amended writ of summons was served on the Company by the lender of the Group to clarify that the individual third party acted as an agent of the lender. The Directors have instructed the lawyer of the Company to handle this matter. The loan advanced by the lender of HK\$1,523,000 together with interest and penalty of HK\$1,149,000, totaling of approximately HK\$2,672,000, were accrued in these interim financial statements (included in other borrowings and other payables and accruals, respectively) and has not yet been settled as at 30 June 2015.

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

- (b) According to an agreement entered into by the Company, two of its subsidiaries and two independent third parties in February 2003, the Group had disposed of a subsidiary, World Giant Limited ("World Giant"), a company engaged in property investment in the PRC. In this connection, the Company has undertaken to indemnify World Giant for, among others, any increase in the liabilities of World Giant as a result of any claim for taxation arising from any transactions effected on or before the completion date of the above disposal. In October 2004, World Giant received a payment request from the PRC tax authority in respect of PRC property taxes relating to the property held by World Giant, including the late payment surcharge levied by the tax authority, of which approximately an amount of RMB6,100,000 related to transactions on or before the completion date. The existing management of World Giant had indicated to the Directors that the amount in respect of transactions on or before the completion date should be paid by the Company. In February 2005, a Writ of Summons was served on the Company demanding the payment of approximately RMB6,100,000. However, such amounts were covered by the amount accrued in the financial statements of World Giant at the time of disposal. Accordingly, in the opinion of the Directors and having obtained an opinion from the Company's lawyer, the Group or the Company has no obligation to pay the above taxes. Because of the uncertainty of the outcome of this matter, the amount involved of approximately RMB6,100,000, equivalent to approximately HK\$7,716,000 (2014: RMB6,100,000, equivalent to approximately HK\$7,690,000), has been shown as contingent liabilities in note 23.

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

- (c) On 24 June 2015, First Concept Logistics Limited (“First Concept”), a wholly owned subsidiary of the Company, served a notice of arbitration (the “Notice”) on SouthGobi Sands LLC (“SGS”), being a wholly owned subsidiary of SouthGobi Resources Ltd. In the Notice, First Concept sought the repayment of approximately HK\$89,700,000 from SGS, according to a coal supply agreement dated 19 May 2014 between First Concept and SGS, representing the prepayment amount advanced by First Concept for the supply of coking coal by SGS to First Concept under such agreement. The arbitral proceedings are deemed to have commenced on 24 June 2015, as the date when the respondent received the Notice. As at the date of approval of these interim financial statements, the arbitral proceedings are in progress.

25. EVENTS AFTER THE REPORTING PERIOD

Open Offer

On 22 May 2015, the Company entered into an underwriting agreement with GF Securities (Hong Kong) Brokerage Limited in relation to the underwriting and certain other arrangements in respect of the open offer on the basis of one (1) offer share for every two (2) shares in issue and held on 12 June 2015, being the record date, at the subscription price of HK\$0.26 each. The open offer was completed on 15 July 2015 and totally 1,861,663,500 offer shares were issued, and net proceeds of the open offer (after deduction of commission and expenses) of approximately HK\$475,000,000 will be used (i) approximately HK\$174,500,000 for the settlement of outstanding debts and its related interests; (ii) approximately HK\$258,500,000 for the investment activities when such investment opportunities arise; and (iii) approximately HK\$42,000,000 for general working capital to strengthen the Company’s financial position.

Details of the open offer were set out in the Company’s announcements dated 22 May 2015, 4 June 2015, 5 June 2015 and 14 July 2015 and the Company’s prospectus dated 22 June 2015.

Proposed Acquisition of Qingdao Guojin Precious Metal Exchange Centre Company Limited*

On 8 July 2015, an indirectly wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement to purchase 70% equity interest in the entire issued shares of Million Fortune International Investment Limited, a company incorporated in the British Virgin Islands with limited liability at a consideration of HK\$400,000,000 which shall be settled by way of issue of the convertible bonds in an aggregate principal amount of HK\$400,000,000. Million Fortune International Investment Limited will be directly or indirectly holding 90% equity interest and/or economic benefit in 青島國金貴金屬交易中心股份有限公司 (Qingdao Guojin Precious Metal Exchange Centre Company Limited*) (the “Target Company”) upon completion of reorganisation. The Target Company is principally engaged in the provision of an online platform for trading and deferred spot delivery services of precious metals, such as silver, nonferrous metals and other valuable commodities as well as other associated services. As this acquisition constitutes a major transaction of the Company under the Listing Rules, it is therefore subject to approval by the shareholders of the Company.

* *For identification purpose only*

Details of the transaction are set out in the announcements of the Company dated 22 May 2015 and 8 July 2015. Up to the date of this announcement, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

Disposal of Qingdao Urban and Rural Construction Leasing Co., Limited

On 24 July 2015, the Company entered into a sale and purchase agreement with 北京隆元泰福投資發展有限公司 (Beijing Longyuan Taifu Investment Development Co., Limited*), 青島城市建設投資(集團)有限公司 (Qingdao City Construction Investment Group Co., Limited*), 上海絡優投資管理有限公司 (Shanghai Luoyou Investment Management Co., Limited*) (being the joint venture partners of the Company) and several new investors for the disposal of its equity interest in 青島城鄉建設融資租賃有限公司 (Qingdao Urban and Rural Construction Leasing Co., Limited*) (the “JV Company”) at cash consideration of approximately HK\$14,680,000. The Company’s actual capital contribution to the JV Company is approximately HK\$12,687,000, which represent approximately 3.85% of the initial total registered capital of the JV Company. Up to the date of this announcement, the disposal has not been completed because some of the conditions for completing the disposal have not yet been fulfilled.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Current Period, the Group has been operating the following major business segments:

Coking coal trading business

During the Current Period, coal price continued to trend down due to ongoing sluggish demand and depression of the coal market caused by the modest economic growth and the stricter environmental protection governance. Thus management decided to take a more cautious and conservative approach towards trading of coking coal. The Group did obtain coal purchase orders from customers in 2015, but has not yet completed the trades during the Current Period. As a result, no revenue contribution generated from the Group's coking coal trading business segment during the Current Period. Nevertheless the management expects the aforementioned coking coal trading will be consummated in the second half of this financial year.

In May 2015, the Group completed the acquisition of 95% shareholding interest in a company incorporated in Mongolia with self-owned trucks and vehicles located in Mongolia, which could help the Group in establishing a full supply chain of coal from Mongolia to the PRC. Details of the acquisition are disclosed in the paragraph headed "MATERIAL ACQUISITION AND DISPOSAL" below.

Media and advertising business

The Group operates outdoor advertisement mediums/billboards provision business, advertisement design and production, graphic and brand design services as well as corporate culture consultancy in the PRC and in Mongolia. During the Current Period, the Group proceeded rendering advertisement design and production services to customers and maintained a stable development in this business segment.

In March 2015, the Group entered into an sale and purchase agreement with an independent third party for the disposals of its entire interest in its indirect wholly owned subsidiaries, namely L&L Partners' Limited and Shanghai Winmedia Advertising Media Co., Ltd, which focus on media and advertising services – outdoor billboards, at an aggregate consideration of approximately HK\$100,000. Such disposals were completed in May 2015 and accrued an aggregate gain before tax of approximately HK\$3,354,000 (included a release of translation reserve upon disposal of a subsidiary of approximately HK\$3,566,000) for the six months ended 30 June 2015.

MATERIAL ACQUISITION AND DISPOSAL

During the Current Period, the Group also disposed of its 100% equity interest in Konwide Development Limited and Noble City (Asia) Limited (together with its subsidiary) for a nominal consideration of HK\$1 to independent third parties.

Completion of the disposals took place during the Current Period and accrued an aggregate gain before tax of approximately HK\$8,317,000. Each of Konwide Development Limited and Noble City (Asia) Limited (together with its subsidiary) ceased to be a subsidiary of the Company.

On 19 May 2015, the Group entered into a sale and purchase agreement with independent third parties to acquire the entire issued equity of Glorious Future Logistics Limited (“Glorious Future”), a company incorporated in the British Virgin Islands with limited liability, at a consideration of HK\$44,000,000. Glorious Future holds 95% shareholdings interest in Ifrontier LLC, a limited liability company incorporated in Mongolia, with self-owned trucks and vehicles located in Mongolia. The acquisition was completed in the Current Period.

Save as disclosed above, the Group did not effect any other material acquisition and disposal for the six months ended 30 June 2015.

FINANCIAL REVIEW

Revenue of the Group for the first half of the year was approximately HK\$14,627,000, representing a decrease of approximately 95% as compared to the six months ended 30 June 2014 (the “Comparative Period”), where the revenue for the Comparative Period was approximately HK\$279,935,000. For the six months ended 30 June 2015, the Group’s loss attributable to owners of the Company was approximately HK\$25,589,000, as compared to the profit of approximately HK\$8,651,000 for the Comparative Period.

Revenue

During the six months ended 30 June 2015, the revenue of the Group was principally derived from the following business segments:

i Coking coal trading business

No revenue contribution generated from this segment during the six months ended 30 June 2015 (30 June 2014: HK\$276,835,000). This segment result was a loss of approximately HK\$5,312,000 as compared to a profit of approximately HK\$61,986,000 for the six months ended 30 June 2014.

ii Media and advertising business

The revenue for the six months ended 30 June 2015 generated from the media and advertising business amounted to approximately HK\$14,627,000 (30 June 2014: HK\$3,100,000). This segment was a profit of approximately HK\$5,615,000, as compared to a loss of approximately HK\$8,133,000 for the six months ended 30 June 2014.

Other Income

Other income amounted to approximately HK\$8,169,000 for the six months ended 30 June 2015, which was mainly attributable to (i) approximately HK\$6,182,000 of gain of trading of finance assets at fair value through profit or loss; and (ii) approximately HK\$1,899,000 of interest income from an investment of bond subscription.

In addition, a write-back of provision of tax surcharge of approximately HK\$6,900,000 in respect of the year ended 31 December 2014 was made during the Comparative Period and there was no such write-back of tax provision made during the Current Period.

Administrative and Other operating Expenses

Administrative and other operating expenses were approximately HK\$42,970,000 for the six months ended 30 June 2015, as compared to approximately HK\$43,949,000 for the six months ended 30 June 2014. The Group's administrative and other operating expenses mainly comprised employment expenses, legal and professional fees and rentals for offices located in the PRC and Hong Kong, where employment expenses and rental expenses were remain in a steady level as compared to the Comparative Period, legal and professional fees increased by approximately HK\$8,841,000 and consultancy fee decreased by approximately HK\$11,176,000 as compared to the Comparative Period.

The amortisation of intangible asset relating to the acquisition of Placid Expression Limited and its subsidiaries was approximately HK\$2,700,000, which was the same as compared to the Comparative Period.

Finance Costs

The finance costs for the six months ended 30 June 2015 amounted to approximately HK\$9,473,000 as compared to HK\$7,224,000 for the six months ended 30 June 2014. The Group's finance costs comprised the accrued interest for the non-convertible bonds and convertible bonds amounted to approximately HK\$8,616,000, the interest payment for other borrowings amounted to approximately HK\$731,000, interest payment for finance lease amounted to approximately HK\$96,000.

Loss for the period

By reasons of above, the Group recorded a loss attributable to owners of the Company of approximately HK\$25,589,000 for the six months ended 30 June 2015 against to a profit attributable to owners of the Company of approximately HK\$8,651,000 for the six months ended 30 June 2014.

EMPLOYEE INFORMATION

As at 30 June 2015, the Group had 61 employees (including Directors) in Hong Kong and the PRC (30 June 2014: 66). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Company also adopted a share option scheme on 14 December 2012 whereby qualified participants may be granted options to acquire shares of the Company (the “Shares”). There has been no major change in staff remuneration policies during the six months ended 30 June 2015.

CAPITAL STRUCTURE

As at 30 June 2015, the Company has 3,744,997,000 shares in issue (31 December 2014: 2,991,767,000).

During the six months ended 30 June 2015, the Group financed its operations by (i) cash flow from operating activities; (ii) funding through issuance of the Bonds; and (iii) funding through issuance of new shares. As at 30 June 2015, the cash and bank balances of the Group amounted to approximately HK\$73,168,000 (31 December 2014: HK\$2,879,000), without any deposit pledged to banks.

As at 30 June 2015, the Group had current assets of approximately HK\$678,145,000 (31 December 2014: HK\$566,031,000), while its current liabilities were approximately HK\$422,828,000 (31 December 2014: HK\$303,239,000). The current ratio (current assets to current liabilities) of the Group was approximately 1.60 (31 December 2014: 1.87); and its gearing ratio (total borrowings over total assets) was approximately 36.85% (31 December 2014: 43.17%). Net asset value per share was approximately HK\$0.10 as at 30 June 2015 (31 December 2014: HK\$0.07).

On 16 April 2015, the Company entered into two separate conditional subscription agreements with each of Mr. Cai Xu Wen and Yue Xiu Great China Fixed Income Fund III LP for the subscription of 100,000,000 Shares (the “First Subscription”) and 500,000,000 Shares (the “Second Subscription”) respectively at a price of HK\$0.262 per subscription share, representing a discount of approximately 19.38% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 16 April 2015. The First Subscription was completed on 27 April 2015 and the Second Subscription was completed on 11 May 2015. The net proceeds from the above subscriptions was approximately HK\$157,170,000. Details of the above subscriptions were set out in the Company’s announcement dated 16 April 2015.

As at 30 June 2015, the net proceeds of approximately HK\$52,000,000 has been utilized for settlement of debt and related interest, HK\$69,170,000 has been used as general working capital, mainly operating expenses for legal and professional fees and office rental and the remaining balance of approximately HK\$36,000,000 remained unutilized.

LIQUIDITY AND FINANCIAL RESOURCES

Subscription of HX Bond

On 2 April 2015, the Company completed the subscription of the 11% coupon bond issued by Heng Xin China Holdings Limited in the principal amount of HK\$70,000,000. As the subscription of HX Bond is to be funded by the subscription money of the relatively lower cost Bond which bears a coupon rate of 6% per annum, the Company believes that the subscription of HX Bond could offer a better return on cash of the Group. Details of the subscription of the HX Bond are set out in note 15 to the condensed consolidated interim financial statements.

Issue of Non-convertible Bonds

During the Current Period, the Group issued the Bonds with a coupon rate of 6% per annum in the principal amounts of HK\$80,000,000 to Sandmartin International Holdings Limited, which is an independent third party and its shares are listed on the Main Board of the Stock Exchange (stock code: 482). Details of the Bonds are set out in note 21 to the condensed consolidated interim financial statements. The net proceeds was used as to HK\$70,000,000 for the subscription of the HX Bond in the principal amount of HK\$70,000,000 and as to HK\$10,000,000 for general working capital for the Group, mainly are general and administrative costs.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2015, the majority of the Group's income and expenses were denominated in United States dollars, Renminbi ("RMB") and Hong Kong dollars. Up to 30 June 2015, the management of the Company was of the opinion that the Group has insignificant exposure to foreign exchange risk. As a result, the Group did not use any financial instruments for hedging against fluctuation in foreign exchange for the six months ended 30 June 2015. 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.

CHARGES ON GROUP ASSETS

As at 30 June 2015, the Group had pledged property, plant and equipment with the net carrying amount of approximately HK\$3,354,000 (31 December 2014: HK\$3,809,000) to secure the finance lease payables of approximately HK\$3,237,000 (31 December 2014: HK\$3,628,000).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had contingent liabilities as possible claims arising from indemnity related to a former subsidiary of approximately RMB6,100,000, being equivalent to HK\$7,716,000 (31 December 2014: RMB6,100,000 being equivalent to HK\$7,690,000). In the opinion of management of the Company, it is not necessary for recording any provisions for the above contingent liabilities as at 30 June 2015.

CAPITAL COMMITMENTS

At 30 June 2015, the capital commitments of the Group were approximately HK\$86,022,000 (31 December 2014: HK\$86,022,000). The capital commitments were mainly related to contracted capital contribution in respect of the Group's investment in setting up a joint venture company and contracted but not yet provided for the acquisition of property, plant and equipment.

EVENTS AFTER THE REPORTING PERIOD

Open Offer

On 22 May 2015, the Company entered into an underwriting agreement with GF Securities (Hong Kong) Brokerage Limited in relation to the underwriting and certain other arrangements in respect of the open offer on the basis of one (1) offer share for every two (2) shares in issue and held on 12 June 2015, being the record date, at the subscription price of HK\$0.26 each. The open offer was completed on 15 July 2015 and totally 1,861,663,500 offer shares were issued, and net proceeds of the open offer (after deduction of commission and expenses) of approximately HK\$475,000,000 will be used (i) approximately HK\$174,500,000 for the settlement of outstanding debts and its related interests; (ii) approximately HK\$258,500,000 for the investment activities when such investment opportunities arise; and (iii) approximately HK\$42,000,000 for general working capital to strengthen the Company's financial position. Up to the date of this announcement, approximately HK\$1,627,000 was used for the settlement of interests of outstanding debts and approximately HK\$58,000,000 was used for investments and the remaining balance of approximately HK\$415,373,000 remained unutilized.

Detail of the open offer were set out in the Company's announcements dated 22 May 2015, 4 June 2015, 5 June 2015 and 14 July 2015 and the Company's prospectus dated 22 June 2015.

Proposed Acquisition of Qingdao Guojin Precious Metal Exchange Centre Company Limited*

On 8 July 2015, an indirectly wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement to purchase 70% equity interest in the entire issued shares of Million Fortune International Investment Limited, a company incorporated in the British Virgin Islands with limited liability at a consideration of HK\$400,000,000 which shall be settled by way of issue of the convertible bonds in an aggregate principal amount of HK\$400,000,000. Million Fortune International Investment Limited will be directly or indirectly holding 90% equity interest and/or economic benefit in 青島國金貴金屬交易中心股份有限公司 (Qingdao Guojin Precious Metal Exchange Centre Company Limited*) (the "Target Company") upon completion of reorganisation. The Target Company is principally engaged in the provision of an online platform for trading and deferred spot delivery services of precious metals, such as silver, nonferrous metals and other valuable commodities as well as other associated services. As this acquisition constitutes a major transaction of the Company under the Listing Rules, it is therefore subject to approval by the shareholders of the Company.

Details of the transaction are set out in the announcements of the Company dated 22 May 2015 and 8 July 2015. Up to the date of this announcement, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

Disposal of Qingdao Urban and Rural Construction Leasing Co., Limited

On 24 July 2015, the Company entered into a sale and purchase agreement with 北京隆元泰福投資發展有限公司 (Beijing Longyuan Taifu Investment Development Co., Limited*), 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment Group Co., Limited*), 上海絡優投資管理有限公司 (Shanghai Luoyou Investment Management Co., Limited*) (being the joint venture partners of the Company) and several new investors for the disposal of its equity interest in 青島城鄉建設融資租賃有限公司 (Qingdao Urban and Rural Construction Leasing Co., Limited*) (the “JV Company”) at cash consideration of approximately HK\$14,680,000. The Company’s actual capital contribution to the JV Company is approximately HK\$12,687,000, which represent approximately 3.85% of the initial total registered capital of the JV Company. Up to the date of this announcement, the disposal has not been completed because some of the conditions for completing the disposal have not yet been fulfilled.

PROSPECT

As disclosed above, the Group has been impacted by the adverse global coking coal market conditions, nevertheless the Group will focus on its existing business and maintain its direction to build up a concrete foundation in the market and acquire valuable assets with competitive prices while in the down side of the market.

The Group will continue to explore investment opportunities with a focus on natural resources and new energies related projects, in order to maximise returns to the shareholders.

* *For identification purpose only*

DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2015 and 30 June 2014, nor has any dividend been proposed since 30 June 2015 and up to the date of this announcement.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2015.

CODE ON 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 Board continuously reviews and improves the corporate governance practices and standards of the Group from time to time to ensure that business activities and decision making processes are regulated in a proper manner.

The Company had complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015, except for the deviations from code provisions A.2.1, C.1.2 and D.1.4 of the CG Code, which are explained below.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since Mr. Yang Fan resigned as chairman of the Company on 19 May 2015, the Company has not appointed chairman and chief executive officer and the roles and functions of chairman and 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 also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management. The Board will continuously review the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

Pursuant to code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. The management of the Company did not provide a regular monthly update to the members of the Board, but the management keeps providing information and update to the members of the Board irregularly.

Pursuant to code provision D.1.4 of the CG Code, issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not enter into a letter of appointment with Mr. Tang Lap Chin, Richard, a former executive Director resigned on 17 July 2015. However, all Directors were subject to retirement by rotation in accordance with the articles of association of the Company. In addition, they have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the CG Code during the six months period ended 30 June 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in 2004 with written terms of reference and revised time to time to comply with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee currently comprises three independent non-executive Directors, Mr. Lai Ho Man, Dickson (as Chairperson), Mr. Wang Qun and Dr. Yang Zhi Shu. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by Directors. All Directors have confirmed, following specific enquiries made by the Company that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2015.

By Order of the Board
National United Resources Holdings Limited
Lo Ka Wai
Executive Director

Hong Kong, 24 August 2015

As at the date of this announcement, the executive Directors are Mr. Lo Ka Wai, Mr. Feng Yongming, Mr. Li Hui and Mr. Tian Songlin; the non-executive Directors are Ms. Mou Ling and Mr. Yang Liu; and the independent non-executive Directors are Mr. Wang Qun, Dr. Yang Zhi Shu and Mr. Lai Ho Man, Dickson.