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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 2014**

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 result of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 (the “Current Period”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

		Six months ended	
		30 June	
	<i>Notes</i>	2014	2013
		HK\$'000	HK\$'000
		(unaudited)	(unaudited) (Restated)
Revenue	5	279,935	16,591
Cost of sales and services		(217,735)	(18,829)
Gross profit/(loss)		62,200	(2,238)
Other income		7,103	20
Impairment of goodwill		–	(397,148)
Administrative and other operating expenses		(43,949)	(18,424)
Finance costs	6	(7,224)	(18)
Profit/(loss) before tax		18,130	(417,808)
Income tax expense	7	(9,552)	(664)
Profit/(loss) for the period	8	8,578	(418,472)
Attributable to:			
Owners of the Company		8,651	(412,003)
Non-controlling interests		(73)	(6,469)
		8,578	(418,472)
Earnings/(loss) per share attributable			
to ordinary equity holders of the Company			
– Basic and diluted	10	HK0.33 cents	HK(19.00) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Six months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited) (Restated)
Profit/(loss) for the period	8,578	(418,472)
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	<u>13</u>	<u>403</u>
Total comprehensive income/(loss) for the period	<u>8,591</u>	<u>(418,069)</u>
Attributable to:		
Owners of the Company	8,664	(411,600)
Non-controlling interests	<u>(73)</u>	<u>(6,469)</u>
	<u>8,591</u>	<u>(418,069)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		As at 30 June 2014	As at 31 December 2013
	<i>Notes</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	11	9,033	3,808
Goodwill	12	5,245	5,245
Intangible assets		104,850	107,550
Club membership		150	150
Interests in associates	13	16,862	–
		136,140	116,753
Current assets			
Trade receivables	14	73,265	91,102
Prepayments, deposits and other receivables	15	311,909	67,405
Cash and bank balances		55,590	46,936
		440,764	205,443
Current liabilities			
Trade payables	16	84,930	32,570
Other payables and accruals	17	44,571	58,193
Tax payable		26,979	16,802
Other borrowings	18	53,700	31,286
Finance lease payables	19	770	152
Bonds	20	27,000	–
		237,950	139,003
Net current assets		202,814	66,440
Total assets less current liabilities		338,954	183,193

		As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
Non-current liabilities			
Finance lease payables	<i>19</i>	3,237	536
Bonds	<i>20</i>	166,004	20,860
Deferred tax liabilities		26,213	26,888
		<u>195,454</u>	<u>48,284</u>
NET ASSETS		<u>143,500</u>	<u>134,909</u>
Capital and reserves			
Share capital	<i>21</i>	130,115	130,115
Reserves		27,304	18,640
		<u>157,419</u>	<u>148,755</u>
Equity attributable to owners of the Company		157,419	148,755
Non-controlling interests		<u>(13,919)</u>	<u>(13,846)</u>
TOTAL EQUITY		<u>143,500</u>	<u>134,909</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2013 (Restated)	108,435	2,048,287	19,720	3,402	(1,726,424)	453,420	(3,318)	450,102
Loss for the period	-	-	-	-	(412,003)	(412,003)	(6,469)	(418,472)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	403	-	403	-	403
Total comprehensive loss for the period	-	-	-	403	(412,003)	(411,600)	(6,469)	(418,069)
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	2	2
Changes in equity for the period	-	-	-	403	(412,003)	(411,600)	(6,467)	(418,067)
At 30 June 2013 (audited)	<u>108,435</u>	<u>2,048,287</u>	<u>19,720</u>	<u>3,805</u>	<u>(2,138,427)</u>	<u>41,820</u>	<u>(9,785)</u>	<u>32,035</u>
At 1 January 2014 (audited)	130,115	2,101,620	18,671	3,782	(2,105,433)	148,755	(13,846)	134,909
Profit/(loss) 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 and changes in equity for the period	-	-	-	13	8,651	8,664	(73)	8,591
At 30 June 2014	<u>130,115</u>	<u>2,101,620</u>	<u>18,671</u>	<u>3,795</u>	<u>(2,096,782)</u>	<u>157,419</u>	<u>(13,919)</u>	<u>143,500</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(Restated)
NET CASH USED IN OPERATING ACTIVITIES	<u>(165,233)</u>	<u>(9,145)</u>
Interest received	9	3
Purchases of items of property, plant and equipment	(2,633)	(818)
Purchase of a shareholding in an associate	(950)	–
Subscriptions of new shares of an associate	<u>(15,912)</u>	<u>–</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(19,486)</u>	<u>(815)</u>
New other borrowings raised	22,415	–
Proceeds from issue of new bonds (<i>note 20</i>)	176,000	–
Payment of bonds issue expenses	(4,830)	–
Capital element of finance lease rental payments	<u>(181)</u>	<u>(76)</u>
NET CASH FROM/(USED IN)		
FINANCING ACTIVITIES	<u>193,404</u>	<u>(76)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH		
EQUIVALENTS	8,685	(10,036)
CASH AND CASH EQUIVALENTS,		
AT BEGINNING OF PERIOD	46,936	13,487
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(31)</u>	<u>493</u>
CASH AND CASH EQUIVALENTS,		
AT END OF PERIOD	<u><u>55,590</u></u>	<u><u>3,944</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>55,590</u></u>	<u><u>3,944</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2014

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.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 10 January 2014 and approved by the Registrar of Companies of Hong Kong, the name of the Company was changed from "China Outdoor Media Group Limited 中國戶外媒體集團有限公司" to "National United Resources Holdings Limited 國家聯合資源控股有限公司", for presenting a more precise image in its diversifying development progress of the Company and the Group.

2. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the six months ended 31 December 2013, which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the unaudited condensed consolidated financial statements for the six months ended 30 June 2014 are consistent with those adopted in the preparation of the Group's financial statements for the six months ended 31 December 2013 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 financial period beginning 1 January 2014:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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 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 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 (2013: Nil).

	Media and advertising		Trading of coking coal		Total	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2014	2013	2014	2013	2014	2013
	<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)
		(Restated)		(Restated)		(Restated)
Segment revenue						
Sales to external customers	<u>3,100</u>	<u>16,591</u>	<u>276,835</u>	<u>–</u>	<u>279,935</u>	<u>16,591</u>
Segment results	(8,133)	(13,069)	61,986	–	53,853	(13,069)
Reconciliation:						
Interest income					9	3
Other income					7,094	17
Impairment of goodwill					–	(397,148)
Depreciation and amortisation					(3,602)	(214)
Corporate and other unallocated expenses					(32,000)	(7,379)
Finance costs					<u>(7,224)</u>	<u>(18)</u>
Profit/(loss) before tax					<u>18,130</u>	<u>(417,808)</u>

	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
	2014	2013	2014	2013	2014	2013
	<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	29,732	48,453	351,042	108,252	380,774	156,705
Reconciliation:						
Intangible assets					104,850	107,550
Corporate and other unallocated assets					<u>91,280</u>	<u>57,941</u>
Total assets					<u>576,904</u>	<u>322,196</u>
Segment liabilities	10,692	30,542	109,394	54,847	120,086	85,389
Reconciliation:						
Other borrowings					53,700	31,286
Bonds					193,004	20,860
Corporate and other unallocated liabilities					<u>66,614</u>	<u>49,752</u>
Total liabilities					<u>433,404</u>	<u>187,287</u>

Geographical information

(a) Revenue from external customers

	Six months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited) (Restated)
Hong Kong	51,883	–
The People's Republic of China ("PRC")	224,952	16,591
Mongolia	3,100	–
	<u>279,935</u>	<u>16,591</u>

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

(b) Non-current assets

	At	At
	30 June	31 December
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Hong Kong	6,410	3,217
PRC	129,730	113,536
	<u>136,140</u>	<u>116,753</u>

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

(c) Information about major customers

Revenue from operations of approximately HK\$104,428,000, HK\$78,603,000, HK\$51,883,000 and HK\$41,519,000 (2013: HK\$15,131,000) were derived from sales income from trading of coking coal segment (2013: service income from media and advertising segment) to four (2013: one) customers which contributed 10% or more to the Group's revenue for the six months ended 30 June 2014.

5. REVENUE

Revenue, which is also the Company's turnover, represents the net invoiced value of goods sold and the value of services rendered during the period.

	Six months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(Restated)
Sales of goods	276,835	–
Media and advertising services income	<u>3,100</u>	<u>16,591</u>
	<u>279,935</u>	<u>16,591</u>

6. FINANCE COSTS

	Six months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(Restated)
Bank charges	3,435	12
Interest on bonds	3,737	–
Interest on finance leases	<u>52</u>	<u>6</u>
	<u>7,224</u>	<u>18</u>

7. INCOME TAX EXPENSE

	Six months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(Restated)
Current tax – charge for the period		
Hong Kong	10,227	–
PRC	–	664
Deferred tax	(675)	–
	<u>9,552</u>	<u>664</u>

Hong Kong Profits Tax is calculated at the rate of 16.5% (2013: 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% (2013: 25%).

8. PROFIT/(LOSS) FOR THE PERIOD

	Six months ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
		(Restated)
Profit/(loss) for the period has been arrived at after charging:		
Cost of inventories sold	189,575	–
Directors' remuneration	3,761	388
Other staff salaries and other benefits	6,949	1,358
Contributions to retirement benefit schemes	89	10
Total employee benefit expense	10,799	1,756
Depreciation and amortisation	3,602	212
and after crediting:		
Interest income	(9)	(3)
Other income	(7,094)	(17)
	<u>(7,094)</u>	<u>(17)</u>

9. INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Current Period (2013: Nil).

10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of approximately HK\$8,651,000 (2013: loss of HK\$412,003,000) and the weighted average number of ordinary shares of 2,602,307,000 (2013: 2,168,707,000) in issue during the period.

The weighted average number of ordinary shares for the six months ended 30 June 2013 were adjusted for the effect of share consolidation on 13 November 2013.

The computation of diluted earnings per share does not assume the exercise of the Company's share option outstanding during the period as the exercise price of those options is higher than the average market price for shares for the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2013 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss 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 July 2013	–	532	36	1,442	2,010
Acquisition of a subsidiary	–	–	–	601	601
Additions	1,201	246	214	755	2,416
Exchange realignment	–	2	–	–	2
As at 31 December 2013	1,201	780	250	2,798	5,029
Additions	59	1,524	–	4,549	6,132
Exchange realignment	–	(4)	–	11	7
As at 30 June 2014	1,260	2,300	250	7,358	11,168
Accumulated depreciation and impairment					
As at 1 July 2013	–	334	10	528	872
Provided for the period	67	55	11	215	348
Exchange realignment	–	1	–	–	1
As at 31 December 2013	67	390	21	743	1,221
Provided for the period	203	268	21	410	902
Exchange realignment	–	(3)	–	15	12
As at 30 June 2014	270	655	42	1,168	2,135
Net carrying amount					
As at 30 June 2014	<u>990</u>	<u>1,645</u>	<u>208</u>	<u>6,190</u>	<u>9,033</u>
As at 31 December 2013	<u>1,134</u>	<u>390</u>	<u>229</u>	<u>2,055</u>	<u>3,808</u>

The net carrying amount of the Group's motor vehicles held under finance leases at 30 June 2014 amounted to HK\$4,265,000 (31 December 2013: HK\$730,000).

12. GOODWILL

	As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
Cost		
At 1 January 2014/1 July 2013 and end of the period	<u>1,252,228</u>	<u>1,252,228</u>
Accumulated impairment		
At 1 January 2014/1 July 2013 and end of the period	<u>1,246,983</u>	<u>1,246,983</u>
Net carrying amount	<u><u>5,245</u></u>	<u><u>5,245</u></u>

13. INTERESTS IN ASSOCIATES

During the six months ended 30 June 2014, the Group acquired an associate named Asia Building Group Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries are principally engaged in foreign trade and investment holding.

There is no profit or loss of this associate being shared by the Group in the Current Period. (2013: Nil)

14. 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 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
0 – 30 days	17,805	84,305
31 – 60 days	48,864	25
61 – 90 days	–	25
Over 90 days but within 1 year	5,313	102
Over 1 year	1,283	6,645
	<u>73,265</u>	<u>91,102</u>

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
Other receivables	51,022	38,700
Deferred expenses	6,541	9,259
Prepayments and deposits	268,605	33,705
	<u>326,168</u>	<u>81,664</u>
Impairment	(14,259)	(14,259)
	<u>311,909</u>	<u>67,405</u>

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 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
0 – 30 days	82,917	29,970
31 – 60 days	123	–
61 – 90 days	–	2,600
Over 90 days but within 1 year	1,890	–
	<u>84,930</u>	<u>32,570</u>

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

17. OTHER PAYABLES AND ACCRUALS

	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
Other payables	6,547	2,877
Receipt in advance	23,450	29,242
Accruals	14,574	26,074
	<u>44,571</u>	<u>58,193</u>

18. OTHER BORROWINGS

	As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
Vendor's loan	20,000	20,000
Other loans	33,700	11,286
	53,700	31,286

Pursuant to the sales and purchase agreement for the acquisition of entire equity interest in Placid Expression Limited entered during 2013, 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 will be repayable within a three months' notice served to the Group by the vendor after the issuance of a certificate certifying the amount of the actual profits of Placid Expression Limited and its subsidiaries (the "Placid Group") during the period guaranteed by the vendor. Further details of the profit guarantee are set out in announcement of the Company dated 16 September 2013.

The other loans of HK\$17,416,000 (31 December 2013: HK6,428,000) are unsecured, interest-free and repayable on demand.

The other loans of HK\$16,284,000 (31 December 2013: HK4,858,000) are unsecured, interest-free and repayable within 1 year.

19. FINANCE LEASE PAYABLES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)	As at 30 June 2014 <i>HK\$'000</i> (unaudited)	As at 31 December 2013 <i>HK\$'000</i> (audited)
Within one year	973	184	770	152
In the second year	973	184	818	152
In the third to fifth year, inclusive	<u>2,602</u>	<u>396</u>	<u>2,419</u>	<u>384</u>
Total minimum finance lease payments	4,548	764	<u>4,007</u>	<u>688</u>
Future finance charges	<u>(541)</u>	<u>(76)</u>		
Total net finance lease payables	4,007	688		
Portion classified as current liabilities	<u>(770)</u>	<u>(152)</u>		
Non-current portion	<u>3,237</u>	<u>536</u>		

The Group leases certain of its motor vehicles. These leases are classified as finance leases and have remaining lease terms of 4 to 5 years (31 December 2013: 5 years). The effective borrowing rate was 2.95% (31 December 2013: 2.5%) per annum. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

20. BONDS

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

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

	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
Net carrying amounts at beginning of the period	20,860	–
Nominal value of the Bonds issued during the period	176,000	21,500
Directly attributable transaction costs	(5,280)	(645)
Interest expense in relation to amortised transaction costs for the period	<u>1,424</u>	<u>5</u>
Net carrying amount at end of the period	193,004	20,860
Portion classified as current liabilities	<u>(27,000)</u>	<u>–</u>
Non-current portion	<u><u>166,004</u></u>	<u><u>20,860</u></u>

21. SHARE CAPITAL

Shares

	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
Authorised:		
4,000,000,000 ordinary shares of HK\$0.05 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
2,602,307,000 ordinary shares of HK\$0.05 each	<u>130,115</u>	<u>130,115</u>

A summary of the movement during the six months ended 31 December 2013 and the Current Period is as follows:

	Number of shares '000	Par value <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each at 1 July 2013	20,000,000	200,000
Decrease on Share Consolidation (a)	<u>(16,000,000)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each at 31 December 2013 and 30 June 2014	<u>4,000,000</u>	<u>200,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 July 2013	10,843,535	108,435
Adjustments for Share Consolidation (a)	<u>(8,674,828)</u>	<u>–</u>
Ordinary shares of HK\$0.05 each	2,168,707	108,435
Acquisition of subsidiaries (b)	<u>433,600</u>	<u>21,680</u>
Ordinary shares of HK\$0.05 each at 31 December 2013 and 30 June 2014	<u>2,602,307</u>	<u>130,115</u>

During the six months ended 31 December 2013, the movements in share capital were as follows:

- (a) Pursuant to an extraordinary general meeting held on 12 November 2013, a share consolidation was duly passed in which every five existing issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK\$0.05 each (“Share Consolidation”).
- (b) On 2 December 2013, 433,600,000 shares of HK\$0.05 each (“Consideration Shares”) were issued as the consideration for the acquisition of the Placid Group. The fair value of one Consideration Shares of HK\$0.173 was determined by reference to the Stock Exchange closing price of the Company’s shares on the date of issue.

22. CONTINGENT LIABILITIES

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

	As at 30 June 2014 <i>HK\$’000</i> (unaudited)	As at 31 December 2013 <i>HK\$’000</i> (audited)
Indemnity related to a former subsidiary (<i>note 23(b)</i>)	<u>7,679</u>	<u>7,751</u>

23. PENDING LITIGATIONS

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

- (a) In September 2004, a Writ of Summons was served on the Company by an individual third party demanding immediate repayment of borrowings of approximately HK\$1,600,000 together with the interest thereon. As the Company had never borrowed money from that individual third party, the directors of the Company 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 of the Company 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 2014.

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 of the Company 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 of the Company 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\$7,679,000 (31 December 2013: RMB6,100,000, equivalent to approximately HK\$7,751,000), has been shown as contingent liabilities in note 22.

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.

24. OPERATING LEASE COMMITMENTS

At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2014 HK\$'000 (unaudited)	As at 31 December 2013 HK\$'000 (audited)
Within one year	9,667	5,529
In the second to fifth years, inclusive	22,155	6,696
	<u>31,822</u>	<u>12,225</u>

Operating lease payments represented rental payables by the Group for certain of its offices and office equipment. Leases are negotiated for terms ranged from three months to five years and lease payments are fixed over the lease terms and do not include contingent rentals.

25. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with its related parties during the period:

	Six months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Consultancy fee paid to a related company (<i>note (i)</i>)	180	510
Consultancy fee paid to a related company (<i>note (ii)</i>)	–	70
	<u> </u>	<u> </u>

Notes:

- (i) A director of the Company, Mr. Tang Lap Chin, Richard, has significant influence over the related company and is a director and a substantial shareholder of the related company.
- (ii) A former director of the Company, Mr. Lau Chi Yuen, Joseph, has significant influence over the related company and is a director and a substantial shareholder of the ultimate holding company of the related company.
- (b) As of 30 June 2014, other than a balance due to a related company amounted to HK\$70,000 (31 December 2013: HK\$71,000) included in other payables and accruals, there are no balances outstanding with the associates and other related companies as mentioned in above.
- (c) Compensation of key management personnel of the Group:

	Six months ended	
	30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
		(Restated)
Short term employee benefits	3,761	388
	<u> </u>	<u> </u>

26. CAPITAL COMMITMENTS

The Group had the following commitments not provided for in the condensed consolidated interim financial statements at the end of the reporting period:

	At 30 June 2014 <i>HK\$'000</i>	At 31 December 2013 <i>HK\$'000</i> (audited)
Contracted, but not provided for		
– Required capital contributions in respect of investment in joint venture	<u>97,461</u>	<u>–</u>

27. EVENTS AFTER THE REPORTING PERIOD

- (a) On 13 June 2014, an indirectly wholly-owned subsidiary of the Company entered into a conditional sales and purchase agreement to purchase from an independent third party the entire issued share capital of Able Nice International Limited, a company incorporated in the British Virgin Islands with limited liability, which indirectly holds approximately 90% equity interests in Takhidagkhairkhan Limited Liability Company with Foreign Investment, which is principally engaged in international trading, logistic and storage management of coal in Mongolia at a consideration of HK\$290,000,000, which will be satisfied partly in cash and partly by the issue of the zero coupon convertible bonds in an aggregate amount of HK\$220,000,000 by the Company.

Details of the transaction are set out in the announcement of the Company dated 13 June 2014.

Up to the date of approval of these interim financial statements, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

- (b) On 29 July 2014 (Vancouver, British Columbia time), the Company and Turquoise Hill Resources Limited entered into the sale and purchase agreement, pursuant to which Turquoise Hill Resources Limited agreed to sell, and the Company agreed to purchase, 56,102,000 common shares of SouthGobi Resources Limited (“SouthGobi Shares”) which are listed on the Toronto Stock Exchange (stock symbol: SGQ) and the Stock Exchange (stock code: 1878) at the purchase price of 25,526,410 Canadian dollars and subject to the terms of the sale and purchase agreement. Upon completion of the transaction, the Company and Turquoise Hill Resources Limited will own approximately 29.95% and 26.00%, respectively, of the issued SouthGobi Shares.

Details of the transaction are set out in the announcement of the Company dated 30 July 2014.

Up to the date of approval of these interim financial statements, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

- (c) Besides the Bonds with an aggregate nominal value of HK\$176,000,000 were subscribed during the six months ended 30 June 2014, further HK\$23,500,000 in aggregate were subscribed after the end of the reporting period and up to the date of these interim financial statements.

28. COMPARATIVE FIGURES

Due to the change of financial year end date from 30 June to 31 December during 2013, the comparative figures for the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes covered the six months ended 30 June 2013 have been restated to conform with the Current Period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Company Name

The name of the Company has been changed from “China Outdoor Media Group Limited 中國戶外媒體集團有限公司” to “National United Resources Holdings Limited 國家聯合資源控股有限公司”, effective on 21 January 2014, for presenting a more precise image in its diversifying development progress of the Group.

Business Review and Prospects

For the six months ended 30 June 2014, the Group has been operating the following major business segments:

Coking coal trading business

The Group has successfully anchored into coking coal trading business since the second half of 2013. Trust from suppliers and transporters in Mongolia was the core key in making this business feasible and profitable. As a listed company in Hong Kong for decades can surely bring the Group credits in building up this business in Mongolia. The Group believed that this natural resources trading business was with enormous development potentials. In this reporting period, the Group had achieved the following progress in this business segment:

- In March, 2014, the Company and 中航國際煤炭物流有限公司 (AVIC International Coal Logistics Company Limited*) entered into a strategic cooperation framework agreement, in which both parties have confirmed an intention to cooperate in respect of sale, logistic and storage management of specialty coal from Mongolia for 3 years and up to 15 million tons in aggregate;
- In April 2014, a subsidiary of the Company entered into coal purchase agreements with Erdenes Tavan Tolgoi JSC, a Mongolian state-owned joint stock company, for securing supplies of 1,750,000 tons of coal in Mongolia; and
- In May 2014, a subsidiary of the Company entered into a coal purchase agreement with IKH Gobi Energy LLC for the purchase of 1,000,000 tons of specialty coal (anthracite) in Mongolia.

* For identification purpose only

Besides securing coal supplies in Mongolia, the Group has also successfully proceeded its development in natural resources related logistic businesses, like:

- In April 2014, a subsidiary of the Company, entered into the joint venture agreement with the Baotou Haorui Properties Company Limited in relation to the formation of a joint venture company in the PRC to be engaged in the investment and development of a bonded logistics park located in the border crossing point of Ganqimaodu, Bayannur City, Inner Mongolia Autonomous Region, the PRC; and
- In June 2014, a subsidiary of the Company contracted for acquiring a group of companies principally engaged in international logistic and trading businesses between the Tavan Tolgoi coal mine in the South Gobi Province of Mongolia and the port of Gan Qi Mao Du in the PRC, with self-owned trucks and garages. As at the date of this announcement, the acquisition has not been completed.

With the above progress, the Group is in a good trend in establishing a full supply chain of coal from Mongolia to the PRC.

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 second half of 2013, the Group acquired Placid Group, which had already commenced contributing revenue since the acquisition. In this reporting period, the Placid Group proceeded rendering advertisement design service and corporate image advisory to customers. More revenue is expected to be recognized in the second half of 2014 when a number of projects are to be completed.

Other development

In order to diversify the business of the Group for maximizing returns to the shareholders of the Company, the Group has explored business development opportunities in leasing business by setting up a joint venture company in May 2014 with several joint venture partners. 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment Group Company Limited*) is the key joint venture partner who is a state-owned enterprise under the Qingdao municipal government, engaging in the development and construction of urban and rural infrastructure and tourism.

* For identification purpose only

Besides leasing business, in view of a huge development potential in Mongolia, the Group has also participated in a real estate development project located in Ulaanbaatar, the capital of Mongolia, by investing in real estate developer in this reporting period. This investment was accounted for as an associate of the Group.

FINANCIAL REVIEW

For the six months ended 30 June 2014, the Group recorded a consolidated revenue of approximately HK\$279,935,000, while the revenue for the six months ended 30 June 2013 was approximately HK\$16,591,000. Profit attributable to shareholders of the Company was approximately HK\$8,651,000, as compared to a loss of approximately HK\$412,003,000 for the six months ended 30 June 2013. Basic earnings per share was approximately HK0.33 cent, as compared to a loss per share of approximately HK19.00 cents for the six months ended 30 June 2013.

Revenue

During the six months ended 30 June 2014, the revenue of the Group was principally derived from the following business segments:

(i) Coking coal trading business

The revenue for the six months ended 30 June 2014 generated from the coking coal business amounted to approximately HK\$276,835,000 (2013: Nil). The gross profit of this business was approximately 24.4% (2013: Nil). During the six months ended 30 June 2014, the Group had sold approximately 483,000 tons of coal, when compare to approximately 268,000 tons for the six months ended 31 December 2013.

(ii) Media and advertising business

The revenue for the six months ended 30 June 2014 generated from the media and advertising business amounted to approximately HK\$3,100,000 (2013: HK\$16,591,000). This segment result was a loss of approximately HK\$8,133,000 as compared to a loss of approximately HK\$13,069,000 for the six months ended 30 June 2013.

Other Income

The Group's other income increased from approximately HK\$20,000 for the six months ended 30 June 2013 to approximately HK\$7,103,000 for the corresponding period in 2014. The increase was mainly attributable to a written back of provision for tax surcharge in the PRC.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses mainly comprise employment expenses and rentals for offices located in the PRC and Hong Kong. Administrative and other operating expenses were approximately HK\$43,949,000 for the six months ended 30 June 2014, as compared to approximately HK\$18,424,000 for the six months ended 30 June 2013. The increase was mainly due to increments in consultancy fee of approximately HK\$8,200,000, directors' remuneration of approximately HK\$3,300,000, rental expenses of approximately HK\$4,500,000, and staff salaries of approximately HK\$5,500,000.

Finance Costs

The finance costs for the six months ended 30 June 2014 amounted to approximately HK\$7,224,000 as compared to HK\$18,000 for the six months ended 30 June 2013. The Group's finance costs comprise bank handling charges for oversea trading of coking coal amounted to HK\$3,435,000, the accrued interest for the Bonds amounted to HK\$3,737,000 and interest payments for finance lease amounted to HK\$52,000.

Profit for the period

As a result of above, the Group recorded profit attributable to owners of the Company of approximately HK\$8,651,000 for the six months ended 30 June 2014 against a loss attributable to owners of the Company of approximately HK\$412,003,000 for the six months ended 2013, which included a substantial provision for impairment of goodwill amounted to approximately HK\$397,148,000.

EMPLOYEE INFORMATION

As at 30 June 2014, the Group had 66 employees (including Directors) in Hong Kong and the PRC (31 December 2013: 40). The Group continues to provide remuneration packages to employees according to market practices, their experience and performance. Remuneration policy is basically determined with reference to individual performance as well as the financial results of the Group. Remuneration to staff will be revised from time to time when warranted considering the performances of staff. Other benefits include medical insurance scheme and contribution of statutory mandatory provident fund for the employees. The Group also has a share option scheme whereby qualified participants may be granted options to acquire shares of the Company. There has been no major change in staff remuneration policies during the six months ended 30 June 2014.

CAPITAL STRUCTURE

As at 30 June 2014 and 31 December 2013, the Company's issued share capital was HK\$130,115,350, divided into 2,602,307,000 shares of HK\$0.05 each.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2014, the Group financed its operations by (i) cash flow from operating activities; and (ii) funding through issuance of the Bonds. As at 30 June 2014, the cash and bank balances of the Group amounted to approximately HK\$55,590,000 (31 December 2013: HK\$46,936,000), without any deposit pledged to banks.

As at 30 June 2014, the Group had current assets of approximately HK\$440,764,000 (31 December 2013: HK\$205,443,000), while its current liabilities were approximately HK\$237,950,000 (31 December 2013: HK\$139,003,000). The current ratio (current assets to current liabilities) of the Group was approximately 1.85 (31 December 2013: 1.48); and its gearing ratio (total borrowings over total assets) was approximately 43.46% (31 December 2013: 16.40%). Net asset value per share was approximately HK\$0.06 as at 30 June 2014 (31 December 2013: HK\$0.05).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2014, 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 2014, the management of the Company is 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 2014. 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 2014, the Group had pledged property, plant and equipment with the net carrying amount of approximately HK\$4,265,000 (31 December 2013: HK\$730,000) to secure the finance lease payables of approximately HK\$4,007,000 (31 December 2013: HK\$688,000).

CONTINGENT LIABILITIES

As at 30 June 2014, 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\$7,679,000 (31 December 2013: RMB6,100,000 being equivalent to HK\$7,751,000). 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 2014.

CAPITAL COMMITMENTS

At the end of the reporting period, the capital commitments of the Group were approximately HK\$97,461,000. The capital commitments were mainly related to contracted capital contribution in respect of the Group's investment in setting up a joint venture company.

EVENTS AFTER THE REPORTING PERIOD

Takhidagkhairkhan Limited Liability Company with Foreign Investment

On 13 June 2014, an indirectly wholly-owned subsidiary of the Company entered into a conditional sales and purchase agreement to purchase the entire issued share capital of Able Nice International Limited, a company incorporated in the British Virgin Islands with limited liability, which indirectly holds approximately 90% equity interests in Takhidagkhairkhan Limited Liability Company with Foreign Investment, which is principally engaged in international trading, logistic and storage management of coal in Mongolia at a consideration of HK\$290,000,000, which will be satisfied partly in cash and partly by the issue of the zero coupon convertible bonds in an aggregate amount of HK\$220,000,000 by the Company. As this acquisition constitutes a major transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), it is therefore subject to approval by the shareholders of the Company.

Details of the transaction are set out in the announcement of the Company dated 13 June 2014. Up to the date of approval of these interim financial statements, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

SouthGobi Resources Limited

On 29 July 2014 (Vancouver, British Columbia time), the Company and Turquoise Hill Resources Limited entered into the sale and purchase agreement, pursuant to which Turquoise Hill Resources agreed to sell, and the Company agreed to purchase, 56,102,000 common shares of SouthGobi Resources Limited (“SouthGobi Shares”) which is primary listed on the Toronto Stock Exchange (stock symbol: SGQ) and secondary listed on the Stock Exchange (stock code: 1878) at the purchase price of 25,526,410 Canadian dollars and subject to the terms of the sale and purchase agreement. Upon completion of the transaction, the Company and Turquoise Hill Resources will own approximately 29.95% and 26.00%, respectively, of the issued SouthGobi Shares. As this acquisition constitutes a very substantial acquisition of the Company under the Listing Rules, the acquisition is subject to approval by the shareholders of the Company.

Details of the transaction are set out in the announcement of the Company dated 30 July 2014. Up to the date of approval of these interim financial statements, the acquisition has not been completed because some of the conditions for completing the acquisition have not yet been fulfilled.

Bonds

Besides the Bonds with an aggregate nominal value of HK\$176,000,000 were subscribed during the six months ended 30 June 2014, further HK\$23,500,000 in aggregate were subscribed after the end of the reporting period and up to the date of these interim financial statements.

DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2014 and 30 June 2013, nor has any dividend been proposed since 30 June 2014 and up to the date of these interim financial statements.

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 2014.

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 "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, except for the deviations from code provisions A.2.1, A.4.1, A.6.7, C.1.2, D.1.4 and E.1.2 of the Code, which are explained below.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, but the Company has not appointed a chief executive officer and the roles 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 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 A.4.1 of the Code, non-executive Director should be appointed for a specific term and subject to re-election. The Company did not enter into a new service contract with Ms. Tay Sheve Li (a former independent non-executive Director resigned on 22 January 2014) and Mr. Li Ning Qiao (a former independent non-executive Director resigned on 6 June 2014), upon the expiry of their respective service contract on 24 November 2013 and 27 December 2013. In addition, the Company did not enter into an appointment letter with Mr. Cheng Kwong Choi, Alexander (a former independent non-executive Director resigned on 22 January 2014). However, all the aforesaid Directors were subject to retirement by rotation and re-election in accordance by the articles of association of the Company (the "Articles").

Pursuant to code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Cheng Kwong Choi, Alexander (a former independent non-executive Director resigned on 22 January 2014) and Mr. Li Ning Qiao (a former independent non-executive Director who resigned on 6 June 2014) did not attend the extraordinary general meeting of the Company held on 10 January 2014, due to their engagement in their own official business. Due to their temporary activities and unexpected engagement, Ms. Mou Ling (a non-executive Director), Mr. Li Ning Qiao (a former independent non-executive Director who resigned on 6 June 2014) and Mr. Wang Qun (an independent non-executive Director) did not attend the annual general meeting of the Company held on 23 May 2014 (the "2014 AGM"). However, they had actively participated in the Board and committees' meetings to understand the affairs of the Company.

Pursuant to code provision C.1.2 of the 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 Code, issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. In addition to those as stated in the explanation for the deviation in code provision A.4.1 of the Code as disclosed above, the Company did not enter into a letter of appointment with Mr. Tang Lap Chin, Richard (an executive Director). However, the Directors were subject to retirement by rotation in accordance with the Articles. 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.

Pursuant to code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. He should invite the chairman of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend the annual general meeting. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. Due to his temporary activities and unexpected engagement, Mr. Wang Qun, the chairman of the nomination committee of the Company (the "Nomination Committee") did not attend the 2014 AGM. However, Mr. Lo Ka Wai and Mr. Chow Hiu Tung, members of the Nomination Committee attended the 2014 AGM.

Save as the aforesaid and in the opinion of the Directors, the Company has met all code provisions as set out in the Code during the six months period ended 30 June 2014.

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 as set out in Appendix 14 to the Listing Rules. 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. Chow Hiu Tung (as Chairman), Mr. Wang Qun and Dr. Yang Zhi Shu. The Audit Committee has reviewed unaudited interim financial statements of the Group for the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2014.

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

Hong Kong, 27 August 2014

As at the date of this announcement, the executive directors are Mr. Yang Fan (Chairman), Mr. Lo Ka Wai, Mr. Aminbuhe 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.