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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

FINAL RESULTS

The board (the "Board") of directors (the "Director(s)") of National United Resources Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the period from 1 July 2013 to 31 December 2013 (the "six months ended 31 December 2013") together with the comparative figures for the year ended 30 June 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 31 December 2013

	Notes	Six months ended 31 December 2013 HK$'000	Year ended 30 June 2013 HK$'000
Revenue	5	**194,531**	39,287
Cost of services		**(139,679)**	(34,304)
Gross profit		**54,852**	4,983
Other income	6	**781**	45
Impairment of goodwill	12	**–**	(397,148)
One-off gain from a bargain purchase		**4,073**	–
Amortisation of intangible assets		**(450)**	–
Administrative and other operating expenses		**(21,262)**	(25,505)
Finance costs	7	**(49)**	(29)
Profit/(loss) before tax	8	**37,945**	(417,654)
Income tax expense	9	**(10,061)**	(1,942)
Profit/(loss) for the period/year		**27,884**	(419,596)
Attributable to:			
Owners of the Company		**31,945**	(412,975)
Non-controlling interests		**(4,061)**	(6,621)
		27,884	(419,596)
Earnings/(loss) per share attributable to ordinary equity holders of the Company			(Retrospectively restated)
Basic and diluted	11	**HK1.43 cents**	HK(19.04) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2013

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Profit/(loss) for the period/year	**27,884**	(419,596)
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(23)**	1,078
Other comprehensive (loss)/income for the period/year, net of tax	**(23)**	1,078
Total comprehensive income/(loss) for the period/year	**27,861**	(418,518)
Attributable to:		
Owners of the Company	**31,922**	(411,897)
Non-controlling interests	**(4,061)**	(6,621)
	27,861	(418,518)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**At 31 December 2013** *HK$'000*	At 30 June 2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**3,808**	1,138
Goodwill	*12*	**5,245**	5,245
Intangible assets	*13*	**107,550**	–
Club membership		**150**	150
Interests in associates		**–**	–
		116,753	6,533
Current assets			
Trade receivable	*14*	**91,102**	9,347
Prepayments, deposits and other receivables	*15*	**67,405**	45,999
Cash and bank balances		**46,936**	3,944
		205,443	59,290
Current liabilities			
Trade payables	*16*	**32,570**	2,321
Other payables and accruals	*17*	**58,193**	22,438
Tax payable		**16,802**	6,604
Other borrowings		**31,286**	2,401
Finance lease payables		**152**	24
		139,003	33,788
Net current assets		**66,440**	25,502
Total assets less current liabilities		**183,193**	32,035
Non-current liabilities			
Non-convertible bonds	*18*	**20,860**	–
Finance lease payables		**536**	–
Deferred tax liabilities		**26,888**	–
		48,284	–
NET ASSETS		**134,909**	32,035
Capital and reserves			
Share capital		**130,115**	108,435
Reserves		**18,640**	(66,615)
Equity attributable to owners of the Company		**148,755**	41,820
Non-controlling interests		**(13,846)**	(9,785)
TOTAL EQUITY		**134,909**	32,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2013

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").

Pursuant to a resolution of the Board of Directors dated 12 December 2013, the Company's financial year end date has been changed from 30 June to 31 December, for the sake of aligning the financial year end date of the Company with that of its subsidiaries which were incorporated in the PRC. This consolidated financial statements presented, therefore, covered a six-months period from 1 July 2013 to 31 December 2013.

In addition, pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 10 January 2014 and approved by the Registrars 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the period from 1 July 2013 to 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Profit or loss and each component of other comprehensive income within subsidiaries are attributed to the non-controlling interest even if it results in a deficit balance.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of related assets or liabilities.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 July 2013. The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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 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 interest-bearing 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 (30 June 2013: Nil).

	Media and advertising		Trading of coking coal		Total	
	Six months ended 31 December 2013	Year ended 30 June 2013	**Six months ended 31 December 2013**	Year ended 30 June 2013	**Six months ended 31 December 2013**	Year ended 30 June 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**8,093**	39,287	**186,438**	–	**194,531**	39,287
Segment results	**(13,731)**	(4,559)	**60,519**	–	**46,788**	(4,559)
Reconciliation:						
Interest income					**5**	3
Other income					**776**	42
Corporate and other unallocated expenses					**(9,575)**	(413,111)
Finance costs					**(49)**	(29)
Profit/(loss) before tax					**37,945**	(417,654)

	Media and advertising		Trading of coking coal		Total	
	At 31 December 2013	At 30 June 2013	**At 31 December 2013**	At 30 June 2013	**At 31 December 2013**	At 30 June 2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**48,453**	54,753	**108,252**	–	**156,705**	54,753
Reconciliation:						
Corporate and other unallocated assets					**165,491**	11,070
Total assets					**322,196**	65,823
Segment liabilities	**30,542**	20,405	**54,847**	–	**85,389**	20,405
Reconciliation:						
Corporate and other unallocated liabilities					**101,898**	13,383
Total liabilities					**187,287**	33,788
Other segment information						
Depreciation and amortisation	**498**	341	**300**	–	**798**	341
Capital expenditure*	**404**	818	**2,613**	–	**3,017**	818

* Capital expenditure consists of additions to property, plant and equipment and intangible assets, including assets from the acquisition of a subsidiary.

Geographical information

(a) *Revenue from external customers*

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Hong Kong	**107,396**	–
The People's Republic of China ("PRC")	**2,856**	39,287
Mongolia	**5,237**	–
Singapore	**79,042**	–
	194,531	39,287

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

(b) *Non-current assets*

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Hong Kong	**3,217**	1,091
PRC	**113,536**	5,442
	116,753	6,533

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

(c) *Information about a major customer*

Revenue from operations of approximately HK$107,396,000 and HK$79,042,000 (30 June 2013: HK$28,762,000) was derived from sales income from trading of coking coal segment (30 June 2013: service income from media and advertising segment) to two (30 June 2013: one) customers which contributed 10% or more to the Group's revenue for the six months ended 31 December 2013.

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/year.

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Sales of goods	**186,438**	–
Media and advertising services income	**8,093**	39,287
	194,531	39,287

6. OTHER INCOME

An analysis of other income and gains is as follows:

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Bank interest income	**5**	3
Foreign exchange gains, net	**1**	–
Gain on disposal of subsidiaries	**–**	25
Reversal of impairment loss on trade receivables	**252**	–
Sundry income	**523**	17
	781	45

7. FINANCIAL COSTS

An analysis of finance costs is as follows:

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Bank charges	**6**	18
Interest on non-convertible bonds	**23**	–
Interest on finance lease	**20**	11
	49	29

8. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Cost of inventories sold	**84,227**	–
Depreciation	**348**	341
Minimum lease payments under operating lease in respect of:		
– Land and buildings	**1,451**	1,054
– Office equipment	**12**	18
– Outdoor billboards	**13,537**	34,017
	15,000	35,089
Auditors' remuneration	**498**	498
Employee benefit expense (including directors' remuneration)		
– Salaries, allowances and benefits in kind	**2,867**	2,995
– Retirement benefit schemes contributions	**50**	84
	2,917	3,079
Impairment of prepayments, deposits and other receivables	**–**	607

9. INCOME TAX

	Six months ended 31 December 2013 *HK$'000*	Year ended 30 June 2013 *HK$'000*
Current – Hong Kong		
Charge for the year	**10,097**	–
Current – the PRC		
Charge for the year	**76**	1,318
Underprovision in prior years	**–**	624
Deferred tax	**(112)**	–
Total tax charge for the period/year	**10,061**	1,942

Hong Kong Profits Tax is calculated at the rate of 16.5% (30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period/year.

Under the Law of the PRC on Enterprise Income Tax, the applicable income tax rate of the Group's subsidiaries in the PRC is 25% (30 June 2013: 25%).

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory tax rate of 16.5% to the tax expense at the effective tax rate is as follows:

	Six months ended 31 December 2013	Year ended 30 June 2013
	HK$'000	*HK$'000*
Profit/(loss) before tax	**37,945**	(417,654)
Tax at the statutory tax rate of 16.5%	**6,260**	(68,913)
Underprovision in prior years	**–**	624
Income not subject to tax	**(950)**	(8)
Expenses not deductible for tax	**4,927**	69,538
Unrecognised temporary differences	**(80)**	(1)
Tax losses utilised from previous periods	**–**	(19)
Tax losses not recognised	**–**	64
Effect of different tax rates of subsidiaries operating in the PRC	**26**	657
Others	**(10)**	–
Tax charge at the Group's effective rate	**10,173**	1,942

At the end of the reporting period, the Group has unused tax losses of approximately HK$124,249,000 (30 June 2013: HK$124,249,000) available for offset against future profits. No deferred tax asset in respect of such losses has been recognised due to the unpredictability of future profit streams. All the tax losses can be carried forward indefinitely under current tax legislation.

10. DIVIDEND

The Board did not recommend the payment of any dividend for the six months ended 31 December 2013 (30 June 2013: Nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share amounts is based on the profit/(loss) for the period/year attributable to ordinary equity holders of the Company of approximately HK$31,945,000 (30 June 2013: loss of HK$412,975,000) and the weighted average number of ordinary shares of 2,237,420,000 (30 June 2013: 2,168,707,000 (as retrospectively restated), 10,843,535,000 (as previously reported)) in issue during the period/year.

The weighted average number of ordinary shares for the six months ended 31 December 2013 and year 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 options 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 year 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.

12. GOODWILL

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Cost		
At beginning of the period/year	**1,252,228**	1,275,151
Derecognised on disposal of a subsidiary	**–**	(22,923)
At end of the period/year	**1,252,228**	1,252,228
Accumulated impairment		
At beginning of the period/year	**1,246,983**	872,758
Provided during the period/year	**–**	397,148
Derecognised on disposal of a subsidiary	**–**	(22,923)
At end of the period/year	**1,246,983**	1,246,983
Net carrying amount	**5,245**	5,245

Impairment test on goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGU") for impairment testing:

– Media and advertising services – outdoor billboards;

– Media and advertising services – others

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	At 31 December 2013	At 30 June 2013
	HK$'000	*HK$'000*
Media and advertising services – outdoor billboards	**5,245**	5,245
Media and advertising services – others	**–**	–
	5,245	5,245

Media and advertising services – outdoor billboards

The recoverable amount of this CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 21.64% (30 June 2013: 21.64%) per annum. The growth rate used to extrapolate the cash flows of this group of cash-generating units beyond the three-year period is 2.8% (30 June 2013: 2.8%) per annum. Senior management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of this unit to exceed its recoverable amount.

The calculation of value in use for this CGU is most sensitive to the following key assumptions:

(i) *Discount rates*

Discount rates represent the current market assessment of the risks specific to this CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

(ii) *Growth rate used to extrapolate cash flows beyond the budget period*

Growth rate is based on senior management expectations on long-term growth rate for CGU operates. Accordingly, in the opinion of senior management, the growth rates used would not exceed the long-term average growth rates for the industries, or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.

(iii) *Budget gross margin and revenue*

Budgeted gross margin and revenue are based on past practices and expectations on market development.

13. INTANGIBLE ASSETS

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Cost:		
At beginning of the period/year	**–**	–
Acquisition of subsidiaries *(note 19)*	**108,000**	–
At end of the period/year	**108,000**	–
Accumulated amortisation:		
At beginning of the period/year	**–**	–
Provided during the period/year	**450**	–
At end of the period/year	**450**	–
Net carrying amount	**107,550**	–

The intangible assets of related customer relationships was recognized in the acquisition of subsidiary on 2 December 2013, amounted to HK$108.0 million in fair value. This intangible assets is amortized on the straight-line method over its estimated useful life of 20 years.

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. As at 31 December 2013, one (30 June 2013: three) customers attributable to the Group's total trade receivables were 86% (30 June 2013: 98%). 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, based on the invoice date, is as follows:

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Within 30 days	**84,305**	1,055
31 – 60 days	**25**	58
61 – 90 days	**25**	–
Over 90 days but within 1 year	**102**	2,858
Over 1 year	**6,645**	5,376
	91,102	9,347

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Neither past due nor impaired	**84,305**	1,055
1 – 30 days past due	**25**	58
31 – 60 days past due	**25**	–
Over 60 days but within 1 year past due	**102**	2,858
Over 1 year past due	**6,645**	5,376
	91,102	9,347

Receivables that were neither past due nor impaired relate to those customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to those customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2013 *HK$'000*	At 30 June 2013 *HK$'000*
Other receivables	**38,700**	40,888
Deferred expenses	**9,259**	18,534
Prepayments and deposits	**33,705**	786
	81,664	60,208
Impairment	**(14,259)**	(14,209)
	67,405	45,999

The movements in provision for impairment of prepayments, deposits and other receivables are as follows:

	At 31 December 2013	At 30 June 2013
	HK$'000	*HK$'000*
At beginning of the period/year	**14,209**	16,029
Impairment losses recognised	**–**	607
Amount written off as uncollectible	**–**	(2,885)
Exchange realignment	**50**	458
	14,259	14,209

No impairment loss (30 June 2013: HK$607,000) was provided for the six months ended 31 December 2013. Other than the above mentioned, the financial assets included in the prepayments, deposits and other receivables relate to receivables for which there was no recent history of default, and none of them is either past due or impaired.

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 31 December 2013	At 30 June 2013
	HK$'000	*HK$'000*
Within 30 days	**29,970**	2,321
31 – 60 days	**–**	–
61 – 90 days	**2,600**	–
	32,570	2,321

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

17. OTHER PAYABLES AND ACCRUALS

	At 31 December 2013 HK$'000	At 30 June 2013 HK$'000
Other payables	**2,877**	1,167
Receipt in advance	**29,242**	7,062
Accruals	**26,074**	14,209
	58,193	22,438

18. NON-CONVERTIBLE BONDS

During the period, the Company issued three 6% non-convertible bonds with a nominal value of HK$21,500,000. 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 written notice at any time before the maturity date. The bonds will be redeemed on the date immediately following the twenty-four months after the first date of issue of the bonds. The bonds carry interest at a rate of 6% per annum, which is payable annually in arrears.

	At 31 December 2013 HK$'000	At 30 June 2013 HK$'000
Nominal value of non-convertible bond issued during the period		
20 December 2013	**9,500**	–
31 December 2013	**5,000**	–
31 December 2013	**7,000**	–
	21,500	–
Directly attributable transaction costs	**(645)**	–
Interest expense	**5**	–
Net carrying amount	**20,860**	–

19. BUSINESS COMBINATIONS

On 2 December 2013, the Group acquired 100% equity interests in Placid Expression Limited and its subsidiaries (collectively the "Placid Group"). The Placid Group is principally engaged in the provisions of media and advertisement production and promotion and marketing, general trading and logistics in the PRC. The acquisition was made as part of the Group's strategy to strength its advertising and media business in the PRC. The purchase consideration for the acquisition was satisfied by the allotment and issuance of the consideration shares, credited as fully paid, in the sum of HK$75,013,000. Detail of the acquisition is set out in announcements issued by the Company on 16 September 2013 and 27 November 2013.

On 2 December 2013, the Company issued the consideration shares to the vendor. 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.

The fair values of the identifiable assets and liabilities of the Placid Group acquired at the date of acquisition were as follows:

	HK$'000
Property, plant and equipment	601
Intangible assets (note 13)	108,000
Inventories	52,540
Prepayments, deposits and other receivables	76,347
Cash and bank balances	23,774
Other payables and accruals	(135,176)
Deferred tax liabilities	(27,000)
Vendor's Loan	(20,000)
Total identifiable net assets at fair value	79,086
Gain on bargain purchase recognised in the consolidated statement of profit or loss	(4,073)
Satisfied by:	
Fair value of consideration shares issued	75,013

An analysis of the cash flows in respect of the acquisition of the Placid Group is as follows:

	HK$'000
Cash consideration	–
Cash and bank balances acquired	23,774
Net inflow of cash and cash equivalents included in cash flows from investing activities	23,774

Pursuant to the sale and purchase agreement for the acquisition of Placid Group, the vendor advanced an unsecured and interest free loan in the principal amount of HK$20,000,000 to the Group ("Vendor's Loan") as working capital, and the Vendor's Loan should be advanced by the vendor after the date of acquisition. In fact, the Vendor's Loan advanced to Placid Group before the date of acquisition as working capital.

This acquisition has been accounted for using the purchase method. Gain from bargain purchase arose from the excess of fair values of identifiable assets and liabilities of the acquired Placid Group over the fair value of the consideration transferred.

Since the acquisition, Placid Group contributed HK$191,676,000 to the Group's turnover and HK$53,223,000 to the consolidated profit for the six months ended 31 December 2013.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been HK$191,676,000 and HK$51,333,000, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company changed its name from China Outdoor Media Group Limited to National United Resources Holdings Limited, effective on 21 January 2014, for presenting a more precise image in its diversifying development progress of the Company and the Group.

I. THE GROUP

The Group recorded a progress in its overall results for the six months ended 31 December 2013 as compared to the one for the financial year ended 30 June 2013, which was mainly contributed by the revenue and profit in the newly developed coking coal trading business.

II. BUSINESS REVIEW AND PROSPECTS

For the six months ended 31 December 2013, the Group has been operating the following business segments:

Media and advertising business

In addition to the Groups' outdoor advertisement mediums/billboards provision business in the PRC, the Group commenced advertisement design and production, graphic and brand design services as well as corporate culture consultancy in this period in the PRC and in Mongolia, through the acquisition of Placid Expression Limited and its subsidiaries (the "Placid Group") completed on 2 December 2013, which had already commenced contributing revenue to the Group in this financial period.

Besides, there was a management agreement between the Placid Group and a PRC company which was principally engaged in the distribution of computer and mobile phone products, provision of consultation services, broadcasting internet, education and advertising and general trading business in the PRC. Under the said management agreement, the Placid Group was appointed to manage all assets of this PRC company. In return, the Placid Group will be entitled to 90% profit generated from all assets of the PRC company for 5 years and extendable for further 10 years afterwards. The Group expected to explore further advertisement production businesses by making use of the business relationship of this PRC company developed in the telecommunication industry through managing the operation of the PRC company pursuant to the said management agreement.

Although the media and advertising industry in the PRC was competitive, the Group will continue its focus and effort to expand this media related business and continue to explore potential investment opportunities that can benefit the Group in the long term.

Coking coal trading business

This was a new business segment the Group commenced in this financial period for diversifying its revenue stream. The Group successfully sourced coking coal supplies in Mongolia, for customers in Hong Kong and Singapore. 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. Although it was a new business for the Group, it was believed that this natural resources trading business was with enormous development potentials. Besides trading, other natural resources related business, such as logistic services, can also be a possible diversification target of the Group in the future.

FINANCIAL REVIEW

Change of Financial Year End Date

The Board announced on 12 December 2013 the change of financial year end date of the Company from 30 June to 31 December, for the sake of aligning the financial year end date of the Company with that of its subsidiaries which were incorporated in the PRC. This consolidated financial statements presented, therefore, covered a six-months period from 1 July 2013 to 31 December 2013.

For the six months ended 31 December 2013, the Group recorded a consolidated revenue of approximately HK$194.5 million, while the revenue for the year ended 30 June 2013 was approximately HK$39.3 million. Profit attributable to shareholders of the Company was approximately HK$31.9 million, as compared to a loss of approximately HK$413.0 million for the year ended 30 June 2013. Basic earnings per share was approximately HK1.43 cent, as compared to a loss per share of approximately HK19.04 cents for the year ended 30 June 2013.

Revenue and Gross Profit Margin

During the six months ended 31 December 2013, the revenue of the Group was principally derived from the following business segments:

(i) Media and advertising business

The revenue for the six months ended 31 December 2013 generated from the media and advertising business amounted to approximately HK$8.1 million (year ended 30 June 2013: HK$39.3 million), as the Group failed to secure much customer orders in placing advertisements in the mediums/billboards engaged by the Group. This segment result was a loss of approximately HK$13.7 million as compared to a loss of approximately HK$4.6 million for the year ended 30 June 2013. The Placid Group commenced contributing revenue to the Group in this financial period, though the post-acquisition period was short.

(ii) Coking coal trading business

The revenue for the six months ended 31 December 2013 generated from the coking coal business amounted to approximately HK$186.4 million (year ended 30 June 2013: Nil). The gross profit of this business was approximately 33.4% (year ended 30 June 2013: Nil).

Other Income

Other income amounted to approximately HK$781,000 (year ended 30 June 2013: HK$45,000). There was a gain from bargain purchase recognized in this financial period, amounted to approximately HK$4.1 million which was generated from the acquisition of the Placid Group. On 16 September 2013, the Group entered into an agreement to acquire the entire issued share capital of Placid Expression Limited for a total consideration of HK$130 million, in form of 433,600,000 new shares of the Company (the "Consideration Shares") at an issue price of approximately HK$0.30 per share (the "Acquisition"). The Acquisition was completed on 2 December 2013, in which the closing market price of the shares of the Company was HK$0.173 on the same day. As a result, the consideration of the Acquisition recorded was approximately HK$75.0 million as reflecting by the aggregated market value for the Consideration Shares. After accounting for the acquired assets and liabilities (including intangible asset) of the Placid Group as at the completion date of the Acquisition, an one-off gain from bargain purchase amounted to HK$4.1 million was recognised in this financial period, and no cash flow impact was brought to the Company and the Group by such gain from bargain purchase.

Other Operating Expenses

Other operating expenses were approximately HK$21.2 million for the six months ended 31 December 2013, compared to approximately HK$25.5 million for the year ended 30 June 2013.

Finance Costs

Finance costs amounted to approximately HK$49,000 (year ended 30 June 2013: HK$29,000), with accruals for non-convertible bond interest expense amounted to HK$23,000 (year ended 30 June 2013: Nil).

Property, plant and equipment

Property, plant and equipment amounted to approximately HK$3.8 million, representing an increase of approximately 245% when compared to HK$1.1 million as at 30 June 2013. The increase was mainly due to the property, plant and equipment acquired in the Acquisition of the Placid Group and additions in leasehold improvement, office equipment and motor vehicles made in this financial period.

Intangible assets

In the Acquisition of the Placid Group as completed on 2 December 2013, an intangible asset of related customer relationships, amounted to HK$108.0 million in fair value, was recognized as parts of the assets and liabilities of the Placid Group that the Group had acquired. This intangible asset is amortized on the straight-line method over its estimated useful life of 20 years.

Trade receivables

Trade receivables amounted to approximately HK$91.1 million, representing an increase of approximately 880% when compared to HK$9.3 million as at 30 June 2013. The increase was mainly attributable to the trade receivables related to the coking coal trading business. In order to minimize the credit risk for the trade receivables, the Group has implemented strict control on the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Prepayments, deposits and other receivables

Prepayment, deposits and other receivables amounted to approximately HK$67.4 million as at 31 December 2013, an increase of approximately 47% when compared to HK$46.0 million as at 30 June 2013. The increase was mainly attributable to prepayments to suppliers for goods and services in the coking coal trading business.

Trade payables

Trade payable amounted to approximately HK$32.6 million, representing an increase of approximately 1,317% when compared to HK$2.3 million as at 30 June 2013, which was attributable to the coking coal trading business operations in this financial period.

Other payables and accruals

Other payables and accruals amounted to approximately HK$58.2 million as at 31 December 2013, an increase of approximately 160% when compared to HK$22.4 million as at 30 June 2013.

Borrowings

As at 31 December 2013, our Group recorded other borrowings of approximately HK$31.3 million (30 June 2013, HK$2.4 million), of which approximately HK$20 million is a loan from the vendor of the acquisition of the Placid Group during the period.

Non-convertible bonds

During the period, the Company engaged a referral agent for referring subscribers to the Company for the issue of 6% non-convertible bonds (the "Bonds") in an aggregate principal amount of up to HK$100 million. Up to 31 December 2013, the Bonds with an aggregate nominal value of HK$21.5 million were subscribed. 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 maturity date of the Bonds is on the date immediately following the 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.

EMPLOYEE INFORMATION

As at 31 December 2013, the Group had 40 employees (including Directors) in Hong Kong and the PRC (30 June 2013: 27). 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 31 December 2013.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group primarily financed its operations with internally generated cash flows. As at 31 December 2013, the cash and bank balances of the Group amounted to approximately HK$46.9 million (30 June 2013: HK$3.9 million), without any deposit pledged to banks. During the six months ended 31 December 2013, the Group has net cash outflow of approximately HK$9.4 million (year ended 30 June 2013: HK$12.8 million) from its operating activities, net cash inflow of approximately HK$22.1 million (year ended 30 June 2013: cash outflow of HK$0.8 million) from its investing activities and net cash inflow of approximately HK$30.3 million (year ended 30 June 2013: outflow of HK$0.2 million) from its financing activities.

As at 31 December 2013, the Group had current assets of approximately HK$205.4 million (30 June 2013: HK$59.3 million), while its current liabilities were approximately HK$139.0 million (30 June 2013: HK$33.8 million). The current ratio (current assets to current liabilities) of the Group was approximately 1.48 (30 June 2013: 1.75); and its gearing ratio (total borrowings over total assets) was approximately 16.40% (30 June 2013: 3.69%). Net asset value per share of the Group attributable to owners of the Company was approximately HK$0.05 as at 31 December 2013 (30 June 2013: HK$0.02 assuming share consolidated for comparison purpose).

In an extraordinary general meeting held on 12 November 2013, a resolution in regarding a share consolidation on the basis that every five issued and unissued shares of HK$0.01 each of the Company being consolidated into one consolidated share of HK$0.05 each, was passed. The effective date of this share consolidation was 13 November 2013.

During the six months ended 31 December 2013, an aggregate of 433,600,000 new shares were issued by the Company as Consideration Shares in the Placid Group Acquisition.

FOREIGN EXCHANGE EXPOSURE

During the six months ended 31 December 2013, the majority of the Group's income and expenses were denominated in Renminbi and Hong Kong dollars. Up to 31 December 2013, 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 31 December 2013. 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 31 December 2013, the Group had pledged property, plant and equipment with the net carrying amount of approximately HK$730,000 (30 June 2013: HK$182,000) to secure the finance lease payables of approximately HK$688,000 (30 June 2013: HK$24,000).

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had contingent liability as possible claims arising from indemnity related to a former subsidiary of approximately RMB6.1 million, being equivalent to HK$7.8 million (30 June 2013: RMB6.1 million being equivalent to HK$7.7 million).

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

On 16 September 2013, the Group entered into an agreement to acquire the entire issued share capital of Placid Expression Limited for a total consideration of HK$130 million, to be satisfied by the allotment and issue of 433,600,000 new shares of the Company at an issue price of approximately HK$0.30 per share. Placid Expression Limited is an investment holding company and its subsidiaries are principally engaged in media and advertisement production and promotion and marketing, general trading and logistics. The Acquisition was completed on 2 December 2013. Further details of the Acquisition were set out in the announcements of the Company dated 16 September 2013 and 27 November 2013.

CAPITAL COMMITMENTS

At the end of the reporting period, neither the Group nor the Company had any significant capital commitments.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 10 January 2014 and as approved by the Registrars of Companies of Hong Kong on 21 January 2014, 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".

Besides the Bonds with an aggregate nominal value of HK$21.5 million were subscribed in this financial period, further HK$75.0 million in aggregate were subscribed after this financial period and up to the date of this announcement. In addition, the Company issued another batch of non-convertible bonds (the "Second Bonds") in an aggregate principal amount of up to HK$60.0 million with an annual coupon rate of 6% and a maturity period of twelve months. Up to the date of this announcement, the Second Bonds of in aggregate HK$27.0 million were subscribed.

DIVIDEND

The Board of the Company does not recommend the payment of a final dividend for the six months ended 31 December 2013 (30 June 2013: Nil).

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 possesses 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 31 December 2013, except for the deviations from code provisions A.2.1, A.4.1, A.5.6, A.6.7, C.1.2, D.1.4, E.1.2 and E.1.4 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. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Yang Fan was appointed as the Chairman of the Board on 12 December 2013. Following the resignation of Mr. Tsui Wing Cheong, Sammy as the Chief Executive Officer of the Company on 28 September 2013, no new Chief Executive Officer was appointed by the Company. The roles and functions of Chief Executive Officer have been performed by 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 directors should be appointed for a specific term and subject to re-election. The Company did not enter into a new service contract with Dr. Gao Hong Xing, a former non-executive Director retired on 12 November 2013, upon the expiry of his service contract on 28 March 2012, and the Company did not enter into a new service contract with each of Ms. Tay Sheve Li, a former independent non-executive Director resigned on 22 January 2014, and Mr. Li Ning Qiao, a current independent non-executive Director, upon the expiry of their respective service contract on 24 November 2013 and 27 December 2013. The Company also did not enter into a service contract or appointment letter with each of Mr. Cheng Sheung Hing and Mr. Cheng Kwong Choi, Alexander, former independent non-executive Directors resigned on 12 December 2013 and 22 January 2014 respectively. However, Dr. Gao Hong Xing, Ms. Tay Sheve Li, Mr. Li Ning Qiao, Mr. Cheng Kwong Choi, Alexander and Mr. Cheng Sheung Hing were subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company (the "Articles").

Pursuant to code provision A.5.6 of the Code, the nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Company did not have a board diversity policy during the six months ended 31 December 2013, but the Company has adopted a board diversity policy at the Board meeting held on 28 March 2014.

Pursuant to code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Dr. Gao Hong Xing, a former non-executive Director resigned on 12 November 2013, and Mr. Li Ning Qiao and Mr. Wang Qun, being independent non-executive Directors, did not attend the annual general meeting ("2013 AGM") and the extraordinary general meeting of the Company both held on 12 November 2013, due to their engagement in their own official business. 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 have formal letters of appointment with Mr. Lu Liang, a former executive Director resigned on 12 December 2013, and Mr. Tang Lap Chin, Richard, a current executive Director. However, the Directors were subject to retirement by rotation in accordance with the Articles. In addition, the Directors 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. In their absence, he should invite another member of the committee or failing this his duly appointed, delegate, to attend. Mr. Wang Qun, the chairman of the nomination committee of the Company (the "Nomination Committee") did not attend the 2013 AGM due to his engagement in his own official business. However, Mr. Lau Chi Yuen, Joseph, Mr. Lo Ka Wai, Ms. Tay Sheve Li, Mr. Cheng Kwong Choi, Alexander and Mr. Cheng Sheung Hing, being members of the Nomination Committee at that time attended the 2013 AGM.

Pursuant to code provision E.1.4, the board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Company did not have a shareholders' communication policy during the six months ended 31 December 2013, but the Company has adopted a shareholders' communication policy at the Board meeting held on 28 March 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors. All the Directors had confirmed, following specific enquiries made by the Company, that they had complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2013.

The Company has also adopted the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Model Code by the relevant employees of the Company was noted by the Company during the six months ended 31 December 2013.

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

There was no purchase, sale or redemption by the Company or its subsidiaries, of the Company's listed securities during the six months ended 31 December 2013.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the six months ended 31 December 2013 have been reviewed by the audit committee of the Company.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the six months ended 31 December 2013 have been agreed by the Group's auditor, Martin C.K. Pong & Company, to the amounts set out in the Group's audited consolidated financial statements for the six months ended 31 December 2013. The work performed by Martin C.K. Pong & Company in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Martin C.K. Pong & Company on the preliminary announcement.

PUBLICATION ON ANNUAL RESULTS AND ANNUAL REPORT

This results announcement of the Group for the six months ended 31 December 2013 is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.nur.com.hk. The annual report will be despatched to the shareholders of the Company and will also be available for viewing at the aforesaid websites in due course.

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

Hong Kong, 28 March 2014

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