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NORTH ASIA RESOURCES HOLDINGS LIMITED

北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

INTERIM RESULTS

The board of directors (the "Board") of North Asia Resources Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial information (the "Interim Financial Information") of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 together with the comparative figures for the corresponding period in 2009 as follows. The Interim Financial Information has not been audited but has been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30 June 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Continuing operations			
Turnover	3	**14,807**	17,936
Cost of sales and services rendered		**(9,282)**	(12,856)
Gross profit		**5,525**	5,080
Other income		**475**	6,907
Selling and distribution expenses		**(1,828)**	(1,705)
Administrative expenses		**(28,434)**	(11,752)
Other operating expenses		**–**	(897)
Finance costs	4	**(13,506)**	(2,513)
Loss before taxation		**(37,768)**	(4,880)
Income tax expense	5	**(22)**	(277)
Loss for the period from continuing operations	6	**(37,790)**	(5,157)
Discontinued operations			
Profit (loss) for the period from discontinued operations	8	**282**	(24,751)
Loss for the period		**(37,508)**	(29,908)
Attributable to:			
Owners of the Company		**(37,051)**	(28,739)
Non-controlling interests		**(457)**	(1,169)
		(37,508)	(29,908)
Basic and diluted loss per share (HK cents)	9		
– from continuing and discontinued operations		**(6.57)**	(11.34)
– from continuing operations		**(6.67)**	(2.03)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(37,508)**	(29,908)
Exchange differences on translation of foreign operations	**349**	–
Exchange reserve realised on disposal/deregistration of subsidiaries	**(1,677)**	1,851
Other comprehensive (expense) income for the period, net of tax	**(1,328)**	1,851
Total comprehensive expense for the period, net of tax	**(38,836)**	(28,057)
Attributable to:		
Owners of the Company	**(38,379)**	(26,888)
Non-controlling interests	**(457)**	(1,169)
	(38,836)	(28,057)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Notes	**30 June 2010 HK$'000 (Unaudited)**	31 December 2009 HK$'000 (Audited)
Non-current assets			
Plant and equipment	*10*	**15,805**	3,058
Mining rights	*11*	**1,559,139**	1,518,791
Deposit for acquisition of plant and equipment		**13,885**	–
Deposit for acquisition of mining right		**1,170**	–
Deposit for acquisition of a subsidiary		**13,024**	2,808
Goodwill		**2,653,767**	2,653,767
		4,256,790	4,178,424
Current assets			
Inventories		**336**	819
Trade and other receivables	*12*	**42,875**	34,772
Amount due from directors		**2,575**	152
Bank balances and cash		**172,084**	27,049
		217,870	62,792
Disposal groups held for sale		**–**	200,925
		217,870	263,717
Current liabilities			
Trade and other payables	*13*	**45,185**	48,351
Amount due to a minority shareholder		**–**	306
Amount due to a shareholder		**306**	–
Other borrowings		**–**	15,000
Convertible loan notes		**24,181**	23,082
Promissory notes		**80,000**	–
Income tax liabilities		**6,506**	6,738
		156,178	93,477
Liabilities associated with disposal groups held for sale		**–**	23,843
		156,178	117,320
Net current assets		**61,692**	146,397
Total assets less current liabilities		**4,318,482**	4,324,821

	30 June 2010 *HK$'000* (Unaudited)	31 December 2009 *HK$'000* (Audited)
Capital and reserves		
Share capital	**7,775**	3,315
Convertible preference shares	**24,037**	25,473
Reserves	**4,135,102**	3,613,509
Equity attributable to owners of the Company	**4,166,914**	3,642,297
Non-controlling interests	**135**	136,830
Total equity	**4,167,049**	3,779,127
Non-current liabilities		
Promissory notes	**–**	394,261
Deferred tax liability	**151,433**	151,433
	151,433	545,694
	4,318,482	4,324,821

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. GENERAL INFORMATION AND BASIS OF PREPARATION

North Asia Resources Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability. The shares of the Company are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's principal place of business is Units 2001-2, 20th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. The condensed interim financial information is presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB") and the subsidiaries incorporated in Mongolia whose functional currency is United States Dollars ("USD"), the functional currency of the Company and other of its subsidiaries are HK$.

The principal activity of the Company is in investment holding. During the period, the Company and its subsidiaries (the "Group") were principally involved in the distribution of information technology products and geological survey, exploration and development of iron, gold and other mineral deposits (mining operation) and trading of iron ore and alluvial gold.

The condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2009, except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2010.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Revised)	First-time Adopters of HKFRS
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

Except as described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

In respect of the acquisition during the period of further 9.99% equity interest in Golden Pogada LLC ("GPL"), the impact of the change in accounting policy has been that the difference of approximately HK$48,194,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been recognised as gain on bargain purchase in the condensed consolidated income statement. Therefore, the change in accounting policy has resulted in increase in loss for the period of approximately HK$48,194,000.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time-Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating segments based on information reported to the board of directors (being the chief operation decision maker ("CODM") (i.e. the board of directors of the Company) for the purpose of resource allocation and performance assessment are as follows:

Banking and finance systems integration services	–	Provision of systems integration, software development, engineering, maintenance and professional outsourcing services for the banking and finance, telecommunications and public sector clients
Software solutions for banks and the public sector	–	Provision of software solutions for banks and public sectors concentrating on the banking, e-commerce and public sectors with a business focus on e-business operations and online marketplaces
Mining operation	–	Geological survey, exploration and development of iron, gold and other mineral deposits (mining operation) and trading of iron ore and alluvial gold

Segments revenues and results

The following is an analysis of the Group's revenues and results by reportable segments:

	Continuing operations							
	Banking and finance systems integration services		**Software solutions for banks and the public sector**		**Mining operation**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June								
TURNOVER								
Sales to external customers	**14,643**	17,677	**164**	259	**–**	–	**14,807**	17,936
RESULT								
Segment loss	**(523)**	(1,443)	**(8)**	(9)	**(9,655)**	–	**(10,186)**	(1,452)
Unallocated income							**475**	6,867
Unallocated expenses							**(14,551)**	(7,782)
Finance costs							**(13,506)**	(2,513)
Loss before taxation							**(37,768)**	(4,880)

Segment loss represents the loss from each segment without allocation of central administrative expenses, directors' emoluments, interest income and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segments.

Continuing operations

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000*
Banking and finance systems integration services	**33,976**	31,273
Software solutions for banks and the public sector	**171**	21
Mining operation	**4,262,936**	4,175,956
Total segment assets	**4,297,083**	4,207,250

4. FINANCE COSTS

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expenses on:		
– effective interest expense on convertible loan notes	**1,099**	2,513
– promissory notes	**12,032**	–
– other borrowings	**375**	–
	13,506	2,513

5. INCOME TAX EXPENSE

The major components of income tax expense in the condensed consolidated income statement are:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
PRC Enterprises Income Tax		
– current	**22**	236
– under-provision in previous periods	**–**	41
Income tax expense relating to continuing operation	**22**	277

The income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated annual tax rate used is 25% for the periods under review.

6. LOSS FOR THE PERIOD

Loss for the period from continuing operations is arrived at after charging:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Continuing operations		
Costs of inventories sold and services rendered	**9,282**	12,856
Depreciation of plant and equipment	**1,115**	821
Loss on disposal of plant and equipment	**108**	–

7. DIVIDENDS

No interim dividend was paid, declared or proposed during the six months ended 30 June 2010 and 2009.

8. DISCONTINUED OPERATIONS

On 23 November 2009, the Company entered into a sale and purchase agreement with Marigold Worldwide Group Limited ("Marigold"), a company which is wholly and beneficially owned by Mr. Yam Tak Cheung who is also the beneficial owner of Integrated Asset Management (Asia) Limited, the controlling shareholder of the Company, whereby the Company has conditionally agreed to sell and Marigold has conditionally agreed to buy the entire interests in Green Global Agro-Conservation Resources Limited and Green Global Bioenergy Limited and their subsidiaries (hereinafter collectively referred to as "Disposal Groups") including the amounts owing by the Disposal Groups to the Group excluding the Disposal Groups (the "Remaining Group") for a consideration of HK$180,000,000.

The disposal was approved by the shareholders of the Company in the special general meeting held on 20 January 2010 and was completed on 24 March 2010.

On 23 March 2009, the Company completed the deregistration of Acacia Asia Partners Limited ("Acacia PRC") resulting in a gain of approximately HK$194,000. By the end of March 2009, the management of the Company decided to discontinue with the operations of the IT management and support operating segment.

The Gain (loss) for the period from the discontinued operations is analysed as follow:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit (loss) from discontinued operation for the period	**282**	(24,945)
Gain on disposal/deregistration of subsidiaries	**–**	194
	282	(24,751)

The unaudited results of the discontinued operations for the six months ended 30 June 2010 and 2009 are as follows:

	IT management and support		Agro-conservation		Bio-energy		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**–**	–	**–**	–	**–**	–	**–**	–
Other income	**–**	–	**4,386**	–	**42**	32	**4,428**	32
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	**–**	–	**–**	3,055	**–**	–	**–**	3,055
Selling and distribution expenses	**–**	–	**–**	–	**–**	–	**–**	–
Administrative expenses	**–**	(13)	**(4,893)**	(14,776)	**(1,048)**	(6,702)	**(5,941)**	(21,491)
Other operating expenses	**–**	(92)	**(180)**	–	**–**	–	**(180)**	(92)
Loss from operations	**–**	(105)	**(687)**	(11,721)	**(1,006)**	(6,670)	**(1,693)**	(18,496)
Reversal of loss on remeasurement to fair value less cost to sell	**–**	–	**1,757**	–	**195**	–	**1,952**	–
Impairment loss recognised in respect of intangible assets	**–**	–	**–**	–	**–**	(6,269)	**–**	(6,269)
Share of loss of a jointly controlled entity	**–**	–	**(2)**	(4)	**–**	–	**(2)**	(4)
Finance costs	**–**	–	**–**	(225)	**–**	–	**–**	(225)
Profit (loss) before tax	**–**	(105)	**1,068**	(11,950)	**(811)**	(12,939)	**257**	(24,994)
Income tax credit	**–**	–	**25**	49	**–**	–	**25**	49
Profit (loss) for the period	**–**	(105)	**1,093**	(11,901)	**(811)**	(12,939)	**282**	(24,945)
Attributable to:								
Owners of the Company	**–**	(105)	**1,093**	(11,901)	**(534)**	(11,770)	**559**	(23,776)
Non-controlling interests	**–**	–	**–**	–	**(277)**	(1,169)	**(277)**	(1,169)
	–	(105)	**1,093**	(11,901)	**(811)**	(12,939)	**282**	(24,945)

The cash flows of the discontinued operations was as follows:

	1.1.2010 – 24.3.2010	1.1.2009 – 30.6.2009
	HK$'000	*HK$'000*
Net cash inflow (outflow) from operating activities	**879**	(12,458)
Net cash inflow (outflow) from investing activities	**2**	(44,815)
Net cash inflow from financing activities	**–**	54,029
Total cash inflow (outflow)	**881**	(3,244)

The major classes of assets and liabilities of the Disposal Groups as at 24 March 2010 are as follows:

	HK$'000
Net assets disposed of:	
Plant and equipment	7,517
Deferred plantation expenditure	8,963
Deposit for plantation expenditure	30,230
Biological assets	66,200
Intangible assets	72,909
Loan advanced to a minority shareholder	759
Deferred tax assets	489
Trade and other receivables	8,471
Bank balances and cash	1,133
Interest in a jointly controlled entity	(1,130)
Other payables	(5,473)
Income tax liabilities	(8,082)
Deferred tax liabilities	(3,504)
Non-controlling interests	(484)
Net assets at date of disposal	177,998
Exchange reserves realised on disposal of subsidiaries	(1,677)
Reversal of loss on remeasurement to fair value less cost to sell	1,952
Total consideration	178,273
Satisfied by cash	180,000
Less: Transaction costs	(1,727)
	178,273
Net cash inflow arising on disposal:	
Cash consideration received	180,000
Transaction costs paid	(1,727)
Bank balances and cash disposed of	(1,133)
	177,140

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of basic loss per share	**(37,051)**	(28,739)

	2010	2009
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**563,823,458**	253,484,522

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period attributable to equity holders of the Company	**37,051**	28,739
Add: Profit (loss) for the period from discontinued operations	**559**	(23,582)
Loss for the purposes of basic loss per share from continuing operations	**37,610**	5,157

The denominators used are the same as those detailed above for basic loss per shares.

From discontinued operations

Basic earning per share for the discontinued operations was HK0.10 cent (six months ended 30 June 2009: loss of HK9.30 cents) per share based on the profit for the period from the discontinued operations attributable to the owners of the Company of approximately HK$559,000 (six months ended 30 June 2009: loss of HK$23,582,000) and the denominators detailed above for basic loss per share.

The computation of diluted loss per share for the six months ended 30 June 2010 and 2009 does not assume the exercise of the outstanding share options, the conversion of the convertible loan notes and the conversion of convertible preference shares since their exercise would result in a decrease in loss per share. The basic and the diluted loss per share are the same.

10. PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2010, the Group had written off certain plant and machinery with a carrying amount of HK$108,000, resulting in a loss on disposal of HK$108,000 (six months ended 30 June 2009: gain on disposal of HK$93,000 included in discontinued operations).

During the six months ended 30 June 2010, the Group acquired assets with a cost of HK$13,954,000 (year ended 31 December 2009: HK$2,388,000).

11. MINING RIGHTS

	HK$'000
COST	
At 1 January 2008, 31 December 2008 and 1 January 2009	–
Acquired from acquisition of a subsidiary	1,518,791
At 31 December 2009	1,518,791
Additions during the period	1,056
Acquired from acquisition of a subsidiary	39,292
At 30 June 2010	1,559,139

The mining rights represent mining licenses 15333A and 15449A for the stripping of iron ore and alluvial gold mines respectively located in Mongolia. The mining licenses will be expired on 4 December 2039 and 1 February 2040 respectively. The mines have not commenced production at the end of the reporting period.

The management conducted impairment review of the mining right based on the valuation reports for the mining rights as at 30 June 2010 issued by Greater China Appraisal Limited ("Greater China"), the fair value of the mining rights exceed their carrying amount in the condensed consolidated statement of financial position as at 30 June 2010 and therefore no impairment loss is necessary.

The recoverable amount of the mining right is determined from value-in-use calculations. As extracted from the Greater China's valuation report for the recoverable amount as at 30 June 2010, the Group prepares cash flow forecast derived from the most recent available financial budgets approved by management and cash flows beyond 3-year period are extrapolated using zero growth rate over twelve years. In preparing the forecasts, management made reference to the mineral reserves presently verified according to the technical report issued by SRK Consulting China Ltd ("SRK"). The key assumptions for the value-in-use calculation are those regarding discount rates and anticipated changes to future selling prices, as follows:

- Management use a discount rate which is derived as the Company's cost of capital, representing the expected return on the Company's capital, and assigned the discount rates from 17.75% to 20.71% for the year ended 30 June 2010.

- Future selling prices were estimated with reference to existing and past quoted commodity prices of the mining industry.

12. TRADE AND OTHER RECEIVABLES

The Group allows an average credit periods ranging from 30 to 180 days to its trade customers. The following is an analysis of trade receivables by age, presented based on invoice date (net of allowance for bad debts and doubtful debts):

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 90 days	**9,186**	16,089
91 days to 180 days	**3,462**	2,719
181 days to 365 days	**10,297**	4,817
Over 365 days	**7,469**	4,042
	30,414	27,667
Prepayment, deposit and other receivables	**12,461**	7,105
Total trade and other receivables	**42,875**	34,772

13. TRADE AND OTHER PAYABLES

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Trade payables		
– third parties	**1,815**	1,118
– non-controlling shareholders	**–**	325
	1,815	1,443
Accrued expenses and other payables	**43,370**	46,908
Total trade and other payables	**45,185**	48,351

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2010 (Unaudited) *HK$'000*	31 December 2009 (Audited) *HK$'000*
Within 180 days	**372**	–
Over 365 days	**1,443**	1,443
	1,815	1,443

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Iron ore and copper mining business

2009 witnessed a major transition of the Group to its new business focus on iron ore and copper mining development in Mongolia. Following the completion of the acquisition of the mining business last year, the Group has moved forward with various business plans for this segment.

Further to the successful acquisition of an additional 9.999% equity interest in Golden Pogada LLC ("**Golden Pogada**") by way of issue of new shares of the Company to China Railway Mongolia Investment LLC ("**CRMI**"), a subsidiary of China Railway Resources Group Co., Ltd., in April 2010, the Group carried out the exploration and development of Oyut Ovoo mine ("**Mine**"), a 12.01-sq-km iron ore and copper mine located in Dundgobi aimag (province) in south-central Mongolia, through its 99.99%-owned subsidiary, Golden Pogada. The completion of the acquisition saw the Company's furtherance of the relationship with CRMI.

To overcome the challenges of transporting mineral products from Mongolia to customers in China, the Group has developed a comprehensive international transportation solution with the aid of CRMI. The Group further aims to establish transportation links that will position it as a gateway between Mongolia and China.

As part of the transportation solution, CRMI has assisted the Group to acquire land and permits to construct a transit and loading dock, which is located in close proximity to the train station of Choir, Govisumber aimag in Mongolia. Choir is the transportation hub on the Trans-Mongolian Railway closest to the Mine. In July 2010, the Group entered into an agreement to acquire the relevant land use rights licence, as well as to secure an international throughput quota of not less than 200,000 tonnes of iron ore products from September to December 2010. It is expected that the iron ore products produced by the Group during this period will be transported to China.

The first phase of the construction of the Choir dock, as well as the rail extension line linking the dock to the main rail line of the Choir station, is expected to be ready for operation by end of September 2010.

Oyut Ovoo mine has large visible bodies of iron ore and copper mineralization, four of which have been confirmed by a recent technical report to contain approximately 148.9 million tonnes of iron ore resources and approximately 34.6 million tonnes of copper resources, at relatively high grades.

The Group proceeded to extend its iron ore mining business in Mongolia through the signing of a framework agreement in July 2010 for the planned acquisition of 100% equity interests in a Mongolian company holding a mining permit in respect of an iron ore mine in Dundgobi Province, as well as an exploration permit in relation to another iron ore mine in Dornogobi Province. Both mines are located in close proximity to the Choir train station and the docking facilities currently under construction by the Group. The acquisition of these two mines in the locality will help bring overall savings in transportation costs and operational synergies with the existing mines. Upon the satisfactory completion of the due diligence, the Company will enter into a formal sale and purchase agreement to acquire the Mongolian company.

Gold mining business

In late April 2010, the Group completed the acquisition of the entire interest in Dadizi Yuan LLC ("**Dadizi Yuan**") for a consideration of RMB35 million (equivalent to approximately HK$39.9 million). Dadizi Yuan holds mining and exploration licences in respect of two alluvial gold mines located in Khar Yamaat, Khongor and Sharin Gol Soum of Darkhan Uul aimag, Mongolia.

The two mines have a total mining area of approximately 20.03 sq km, which the Company has completed 35 drill holes with total drilling of 1,500 m covering a 1.5-sq-km area (with measured gold resources of 324.7 kg). The gold resources of the two mines were estimated at not less than 3 tonnes.

With preparation work being rolled out smoothly, a ground breaking ceremony for the alluvial gold mine located in Khar Yamaat was held in June 2010 in the presence of local government officials and community members. Trial production at the two alluvial gold mines is expected to commence by September 2010.

Agricultural businesses

In consideration of the unsatisfactory and slower than expected pace of development of the agro-conservation and bioenergy businesses, the Group resolved to dispose of these operations in order to direct management focus on to the mining and non-agricultural businesses. The disposal was completed in March 2010.

Banking and finance systems integration services

Despite the uncertainties stemming from the global financial crisis which put pressure on the operation of Topasia Computer Limited and its subsidiaries (collectively "**Topasia Group**" or the "**division**"), the division has been able to maintain substantially stable performance in the provision of banking sector self-service equipment and maintenance services.

During the period, self-service equipment repair and maintenance service provision reported a mild decline in revenue due to intense price competition. In response to the negative operating environment, the division has continued to control costs, enhance gross margins and grow business volume.

Amidst softening demand for self-service equipment, Topasia Group has successfully expanded its sales channels and forged new co-operations with major equipment vendors.

For the remainder of the year, the division will further its cost control, sales channel expansion and profitability enhancement efforts. It will leverage on its broadened network to seek renewals with existing clients, thereby building a solid advantage on the back of long-term client relationships. The division will also seek to stabilize the stream of orders from existing brands through the expansion of service offerings. Business growth will also be pursued in the area of network security through co-operation with a major vendor.

OUTLOOK

We have encountered unseasonably cold weather in Mongolia this year causing some unexpected delay at the mine site but the overall progress of the new mining business has been according to plan. In June 2010, an international advisory board was formed to help the Group tap further into the promising potential of the mining sector.

The international advisory board is made up of five members who will bring to the Group their in-depth country, in particular Mongolia, and extensive mineral mining expertise. They will advise and provide recommendations to the Board on industry policies, mining practices and operations, as well as on acquisition and investment opportunities. The members will also assist the Group in the evaluation of geological information, introduce potential partners, and broaden and deepen the Group's relationships with relevant governments.

The Board believes that their advice and experience will be beneficial to the long-term development of the Group.

The Group is confident of the prospects of the mining business. With active works under way to push ahead with execution at the iron ore and alluvial gold mines, management expects the mining business to generate revenue commencing in the second half of the year.

The Group is also actively considering a number of merger and acquisition opportunities in order to keep it a step ahead. Acquisitions in the pipeline include the planned acquisition of two additional iron ore mines in Mongolia as announced on 2 August 2010.

FINANCIAL REVIEW

REVIEW OF RESULTS

For the first half year ended 30 June 2010, the Group recorded a turnover from continuing operation of approximately HK$14,807,000 (2009: approximately HK$17,936,000), which represented a decrease of approximately 17.4% while the gross profit was maintained at a steady level. The decrease in turnover was mainly attributed to the fact that intense price competition and the softening demand for self-service equipment.

The Group recorded an increase in its loss for the period of approximately 25.4% to approximately HK$37,508,000 as compared to approximately HK$29,908,000 for the same period last year. The reason for the increase in loss for the period was mainly due to the increase in number of staff employed, professional fee and traveling expenses incurred as a result of more acquisition projects being taken place.

Loss per share for the first half of 2010 were HK6.57 cents, compared with HK11.34 cents per share for the same period in 2009.

LIQUIDITY AND FINANCIAL RESOURCES

Net Debt and Gearing

At 30 June 2010, the Group's gearing ratio then computed as total borrowing over the owners' equity was approximately 3% as at 30 June 2010, compared with approximately 12% as at 31 December 2009.

Liquidity

The Group had total cash and bank balances of approximately HK$172,084,000 as at 30 June 2010 (31 December 2009: approximately HK$27,049,000).

CHARGES ON ASSETS

At 30 June 2010, no fixed deposits and/or assets were pledged to banks to secure banking facilities (31 December 2009: nil).

TREASURY POLICIES

The Group generally finances its operations with internally generated resources, proceeds from the disposal of its available-for-sale-investments and from equity fund raising activities. All financing methods, including equity, debt and other means, will be considered so long as such methods are beneficial to shareholders as a whole. Bank deposits are mainly in Hong Kong dollars and Renminbi.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2010 (31 December 2009: nil).

The Group had other commitments for an investment in a cooperation project which were contracted but not provided for totaling approximately HK$23,963,000 (31 December 2009: HK$21,034,000).

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2010, the Group mainly earns revenue in Renminbi and USD and incurs costs in HK$, RMB and USD. Although, the Group currently does not have any foreign currency hedging policies, it does not foresee any significant foreign currency exposure in the near future since the HK$ and the USD are pegged.

The Group also does not expect the appreciation of the RMB against the HK$ to have any material adverse effect on the operation of the Group as the RMB is expected to move within narrow extends to the HK$. However, any permanent or significant changes in the pegged system or the exchange rates of the RMB against the HK$, may have possible impact on the Group's result and financial position.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2010, the Group employed 224 full time employees in Mainland China, Hong Kong and Mongolia. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2010 in conjunction with the Company's auditors.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months period ended 30 June 2010, the Company has complied with the code provisions and, where appropriate, adopted the recommended best practices, as set out in the Code on Corporate Governance Practices (the "**Code**") under Appendix 14 to the Listing Rules, except for the deviation set out below.

Under Code provision A.2.1, the roles of the Chairman and Chief Executive Officer ("**CEO**") should be separate and should not be performed by the same individual. As at the date of this announcement, the roles of the Chairman and CEO were separately performed by Mr. King Jun Chih, Joseph and Mr. Chan Kwan Hung, respectively.

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**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with the Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months period ended 30 June 2010.

By order of the Board
North Asia Resources Holdings Limited
Chan Kwan Hung
Chief Executive Officer

Hong Kong, 30 August 2010

As of the date of this announcement, Mr. King Jun Chih, Joseph, Mr. Chan Kwan Hung and Mr. Tse Michael Nam are the executive Directors and Mr. Lim Yew Kong, John, Mr. Mak Ping Leung and Mr. Leung Po Wing, Bowen Joseph, GBS, JP are the independent non-executive Directors.