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 2015

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of North Asia Resources Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014. The condensed consolidated interim financial information has not been audited but has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
Turnover	3	**21,985**	51,641
Cost of sales and services rendered		**(14,744)**	(36,125)
Gross profit		**7,241**	15,516
Other operating income		**6,792**	4,146
Selling and distribution expenses		**(1,615)**	(1,573)
Administrative and operating expenses		**(85,089)**	(108,384)
Change in fair value of derivative component of convertible loan notes		**(824,196)**	322,342
Impairment loss recognised in respect of mining right		**(1,098,110)**	(192,295)
Impairment loss recognised in respect of property, plant and equipment		**(169,073)**	(18,434)
Finance costs	4	**(271,977)**	(232,761)
Loss before taxation		**(2,436,027)**	(211,443)
Income tax credit	5	**274,362**	47,922
Loss for the period	6	**(2,161,665)**	(163,521)
Attributable to:			
Owners of the Company		**(1,515,821)**	(15,036)
Non-controlling interests		**(645,844)**	(148,485)
		(2,161,665)	(163,521)
Loss per share			
Basic and diluted *(HK cents)*	8	**(14.63)**	(0.48)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(2,161,665)**	(163,521)
Other comprehensive income for the period, net of tax		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**–**	178,542
Total comprehensive (expenses) income for the period, net of tax	**(2,161,665)**	15,021
Total comprehensive (expenses) income for the period attributable to:		
Owners of the Company	**(1,515,821)**	62,528
Non-controlling interests	**(645,844)**	(47,507)
	(2,161,665)	15,021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015** *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,300,780**	1,293,296
Mining rights		**10,300,928**	11,399,038
Goodwill		**–**	–
Deposits paid for acquisition of property, plant and equipment		**45,352**	46,684
		11,647,060	12,739,018
Current assets			
Inventories		**5,883**	1,880
Trade and other receivables	*9*	**105,000**	82,777
Amount due from a related company		**9**	9
Amount due from a director		**66**	66
Derivative component of convertible loan notes		**–**	11,340
Bank balances and cash		**64,312**	40,632
		175,270	136,704
Current liabilities			
Trade and other payables	*10*	**850,973**	821,560
Amounts due to related companies		**439,473**	454,058
Amount due to a non-controlling interest holder		**3,647,320**	1,793,016
Other borrowings		**37,755**	37,755
Promissory notes		**223,110**	–
Liabilities component of convertible loan notes		**135,429**	–
Derivative component of convertible loan notes		**471,349**	930,730
Income tax liabilities		**6,643**	6,752
		5,812,052	4,043,871
Net current liabilities		**(5,636,782)**	(3,907,167)
Total assets less current liabilities		**6,010,278**	8,831,851

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital and reserves		
Share capital	**169,936**	60,350
Convertible preference shares	**–**	19,887
Reserves	**(2,134,801)**	(3,071,653)
Equity attributable to owners of the Company	**(1,964,865)**	(2,991,416)
Non-controlling interests	**3,885,415**	4,531,259
Total equity	**1,920,550**	1,539,843
Non-current liabilities		
Amount due to a non-controlling interest holder	**234,921**	1,730,794
Provision for restoration, rehabilitation and environmental costs	**69,963**	67,933
Promissory notes	**57,681**	278,634
Liabilities component of convertible loan notes	**1,374,430**	2,587,386
Deferred tax liability	**2,352,733**	2,627,261
	4,089,728	7,292,008
	6,010,278	8,831,851

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

1. GENERAL

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

The principal activity of the Company is investment holding. During the period, the Group was principally involved in the distribution of information technology products, geological survey, exploration and development of coal deposits (mining operation) and sales of coking coal.

The condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (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").

Basis of preparation of the condensed consolidated interim financial information

In preparing the condensed consolidated interim financial information, the Directors of the Company have given consideration to the future liquidity of the Group.

As at 30 June 2015, the Group had net current liabilities of approximately HK$5,636,782,000. The condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the Directors of Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2015 as the Directors had taken into consideration of the following facts and circumstances:

i) as at 30 June 2015, included in the current liabilities of the Group was derivative components of convertible loan notes of approximately HK$471,349,000 which represented options to entitle the holders to convert the convertible loan notes into ordinary shares of the Company before the maturity dates of the convertible loan notes. Such derivative components of convertible loan notes shall not result in any cash outflow for the Group;

ii) the related companies will not demand the settlement for the amounts due from the Group until it is in the financial position to do so;

iii) as at 30 June 2015, the Group had loan facilities in aggregate of RMB3,900,000,000 (equivalent to approximately HK$4,952,000,000 as at 30 June 2015) provided from a non-controlling interest holder of a subsidiary of the Group (the "Non-controlling Interest Holder") of which, RMB2,936,000,000 (equivalent to approximately HK$3,728,000,000 as at 30 June 2015) is in use by the Group as at 30 June 2015. The Directors of the Company are not aware of any indication that such facilities will be withdrawn and consider such facilities will continue to be revolving in due time; and

iv) the completion of the placing of an aggregate of 1,762,300,000 new ordinary shares at the placing price of HK$0.145 per placing share on 16 July 2015 for a net proceeds of approximately HK$252,900,000.

Accordingly, the Directors of the Company are of the opinion that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis. If adequate finance is not available, the Group may be unable to meet its obligations as and when they fall due in the foreseeable future. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated interim financial information:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated interim financial information and/or disclosures set out in these condensed consolidated interim financial information.

The Group has not early adopted new or revised HKFRSs, interpretation and amendments (hereinafter collectively referred to as the "New HKFRSs") that have been issued but are not yet effective as at 30 June 2015. The Directors of the Company anticipate that the adoption of the New HKFRSs will have no material impact on the condensed consolidated interim financial information.

3. **TURNOVER AND SEGMENT INFORMATION**

The Group's operating segments, based on information reported to the Board of Directors (being the chief operating decision maker ("CODM")) for the purposes of resources allocation and performance assessment are as follows:

Banking and finance systems integration services and software solutions	–	Provision of systems integration, software development, internet service, software solution engineering, maintenance and professional outsourcing services for the banking and finance, telecommunications and public sector clients
Mining operation	–	Geological survey, exploration and development of coal deposits (mining operation) and trading of coking coal
Coal operation	–	Provision of coal trading

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

	Banking and finance systems integration services and software solutions		**Mining operation**		**Coal operation**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
For the six months ended 30 June								
TURNOVER								
Sales to external customers	**16,271**	31,788	**5,714**	14,342	**–**	5,511	**21,985**	51,641
RESULTS								
Segment loss	**(5,139)**	(5,460)	**(1,310,084)**	(289,294)	**(92)**	(2,934)	**(1,315,315)**	(297,688)
Unallocated income							**219**	326,318
Unallocated expenses							**(848,954)**	(7,312)
Finance costs							**(271,977)**	(232,761)
Loss before taxation							**(2,436,027)**	(211,443)

Segment loss represents the loss from each segment without allocation of central administrative expenses, directors' and chief executive's emoluments, change in fair value of derivative component of convertible loan notes, certain other income and finance costs. This is the measure reported to CODM for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Banking and finance systems integration services and software solutions	**44,696**	28,294
Mining operation	**11,707,437**	12,787,897
Coal operation	**1,968**	3,944
Total segment assets	**11,754,101**	12,820,135
Unallocated	**68,229**	55,587
Consolidated assets	**11,822,330**	12,875,722

Segment liabilities

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Banking and finance systems integration services and software solutions	**51,619**	40,107
Mining operation	**5,108,856**	4,561,148
Coal operation	**54,501**	239,037
Total segment liabilities	**5,214,976**	4,840,292
Unallocated	**4,686,804**	6,495,587
Consolidated liabilities	**9,901,780**	11,335,879

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than certain property, plant and equipment, certain prepayments, deposits and other receivables, amount due from a director, derivative component of convertible loan notes, bank balances and cash, and assets jointly used by reportable segment.

– all liabilities are allocated to reportable segments other than certain other payables, certain amounts due to related companies, other borrowings, derivative component of convertible loan notes, liabilities component of convertible loan notes, promissory notes, income tax liabilities, deferred tax liability and liabilities jointly liable by reportable segments.

4. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expenses on convertible loan notes	**116,735**	144,248
– promissory notes	**16,194**	14,940
– other borrowings	**952**	788
– amount due to a related company	**776**	–
– amount due to a non-controlling interest holder	**303,976**	140,575
Total borrowing costs	**438,633**	300,551
Less: amounts capitalised in construction in progress	**(168,686)**	(69,654)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**2,030**	1,864
	271,977	232,761

5. INCOME TAX

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
People's Republic of China (the "PRC") Enterprise Income Tax		
– current	**166**	152
Deferred tax	**(274,528)**	(48,074)
	(274,362)	(47,922)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in Bermuda and the BVI.

No provisions for Hong Kong Profits Tax have been made for subsidiaries established in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax during both periods under review.

Profits of subsidiaries established in the PRC are subject to PRC Enterprise Income Tax.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Costs of inventories sold	**4,865**	25,791
Depreciation of property, plant and equipment	**25,552**	27,670
Staff costs (including directors' and chief executive's emoluments)		
– Wages and salaries	**32,087**	55,725
– Retirement benefit scheme contributions	**911**	3,370

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors of the Company have determined that no dividend will be paid in respect of the interim period.

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(1,515,821)**	(15,036)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**10,360,392,765**	3,123,729,039

9. TRADE AND OTHER RECEIVABLES

The Group does not hold any collateral over these balances.

The Group normally grants to its customers credit periods ranging from 30 days to 180 days which are subject to periodic review by management. The ageing analysis of trade receivables, net of impairment losses recognised, based on the invoice dates which approximated the respective revenue recognition dates at the end of the reporting period was as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**14,487**	4,528
91 days to 180 days	**5,592**	5,518
181 days to 365 days	**4,136**	6,564
Over 365 days	**6,806**	7,370
	31,021	23,980
Prepayments, deposits and other receivables	**73,979**	58,797
Total trade and other receivables	**105,000**	82,777

10. TRADE AND OTHER PAYABLES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**7,104**	6,515
– a non-controlling interest holder	**325**	325
	7,429	6,840
Receipts in advance	**30,119**	13,743
Accrued staff costs	**34,229**	52,690
Other taxes payable	**612**	18,912
Accrued interests	**4,003**	3,051
Consideration for the acquisition of subsidiaries	**400,990**	400,990
Payables for construction works and purchase of machineries	**265,902**	280,126
Accrued expenses and other payables	**107,689**	45,208
Total trade and other payables	**850,973**	821,560

The ageing analysis of trade payables based on the invoice date at the end of the reporting period was as follows:

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**2,364**	400
91 days to 180 days	**196**	2,585
181 days to 365 days	**1,467**	3,183
Over 365 days	**3,402**	672
	7,429	6,840

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the period under review, the Company has been diligently working towards (i) exploration of other business; (ii) reduction of debts; (iii) fund raising for operation of business; and (iv) strive for resumption of the construction works for the five coal mines located in Shanxi Province, the People's Republic of China (the "PRC") which had been suspended by the PRC authorities.

Exploration of other business

As disclosed in the announcement of the Company dated 23 March 2015, the Company intended to purchase 51% equity interest in Great Payment Limited (the "Proposed Acquisition") so as to introduce to the Company the businesses of (i) prepaid card issuance and settlement; (ii) Internet payment and mobile payment services; (iii) customised payment services for financial institutions, asset management companies and Internet companies; and (iv) other services related to online to offline (O2O), credit checking and data mining businesses.

However, as disclosed in the announcement of the Company dated 1 June 2015, as the parties anticipated that all the necessary PRC regulatory approvals would not be granted before the scheduled completion of the Proposed Acquisition, the parties mutually agreed to terminate the agreement for the Proposed Acquisition and entered into a deed of termination to record such termination.

For details, please refer to the announcements of the Company dated 23 March 2015, 2 April 2015 and 1 June 2015, respectively.

Reduction of debts

During the six months ended 30 June 2015, convertible loan notes of the Company in the aggregate amount of approximately HK$1,426.8 million (comprising USD15 million of 2010 Convertible Loan Notes A, HK$1,275.7 million of 2013 Convertible Loan Notes A, USD3.5 million of 2013 Convertible Loan Notes B and USD1 million of 2013 Convertible Loan Notes C) were converted into 683,823,529 shares, 7,504,182,939 shares, 88,064,516 shares and 25,161,290 shares of the Company respectively. Due to the conversion, the debt burden of the Company has been lightened and the future interests expenses would be lessened.

Fund raising for operation of business

As disclosed in the announcements of the Company dated 9 April 2015 and 17 April 2015, the Company entered into a placing and underwriting agreement with an underwriter and completed the allotment and issue of 472,205,000 shares to not less than six placees, who and whose ultimate beneficial owners are independent third parties, at the placing price of HK$0.18 per share pursuant to the terms and conditions of the placing and underwriting agreement. The closing price per share on 8 April 2015, being the last trading date prior to the entering of placing and underwriting agreement was HK$0.189 per share. Net proceeds from the placing are approximately HK$83.8 million and have been used for general working capital of the Group (including settlement of interest expense and reduction of debts).

Also, as disclosed in the announcements of the Company dated 26 June 2015 and 16 July 2015, the Company entered into the placing agreement with a placing agent and completed on 16 July 2015 the allotment and issue of 1,762,300,000 shares to not less than six placees, who and whose ultimate beneficial owners are independent third party, at the placing price of HK$0.145 per share. The closing price per share on 26 June 2015, being the last trading date prior to the entering into of the placing agreement, was HK$0.174 per share. Net proceeds from the placing are approximately HK$252.9 million. The net proceeds from the placing are intended to be used for general working capital (including settlement of interest expenses and reduction of debts) and/or for future investments of the Group. As at the date hereof, the net proceeds from placing have been used for reduction of debt of approximately HK$39.6 million and and unutilized balance was approximately HK$213.3 million.

Strive for resumption of the construction works for the five coal mines

The Group had established project teams and procured more equipment for tackling the soakaway pit during the period under review. After implementation of the rectification measures and inspection of the implementation of the rectification measures by the relevant authorities, the Group shall be entitled to apply for the resumption of construction and development works of the Group's mining sites located in Shanxi Province from the relevant authorities. However, as further notices for requiring a higher safety standard were received from the related government authorities, the schedules of the improvement works and operation of the respective mines are expected to be further delayed.

Details are stated in the Coal Mining section below.

Coal Mining

As disclosed in the announcement of the Company dated 27 January 2015, 古交市煤炭工業局 (Gujiao Municipality Coal Industry Bureau*) issued another notification to the Group in connection with the suspension of construction and development works and rectification scheme. As the Group's coal mines have been identified as soakaway pit as mentioned in the notification, further exploration work on the hydrological and geological conditions and installment of additional facilities and equipment are required to guarantee a safe working environment. Hence, the corresponding staff training, construction team management and emergency team management of the Group's five mines located in Shanxi Province are to be further improved. The Group has immediately established a specific project team responsible for the rectification planning and the implementation of the rectification measures and procured more equipment for tackling the soakaway pit. After the inspection of the implementation of the rectification measures by the relevant authorities, the Group shall be entitled to apply for the resumption of construction and development works of the Group's mining sites located in Shanxi Province.

As disclosed in the announcement of the Company dated 27 May 2015, the Group received《關於開展全省煤礦安全生產大檢查的通知》(Notice of Commencement of Comprehensive Checks for Safe Coal Production in Shanxi Province*, the "Safe Production Checks Notice") dated 30 April 2015 from 山西省煤炭工業廳 (Shanxi Provincial Coal Industry Office*) and 山西煤礦安全監察局 (Shanxi Administration Bureau of Coal Mine Safety*) and《關於進一步加強煤礦防治水補充規定的通知》(Notice of Supplementary Provisions for Additional Efforts on Prevention of Coal Mine Flooding*, the "Supplementary Provisions Notice") dated 11 May 2015 from Gujiao Municipality Coal Industry Bureau respectively. The Safe Production Checks Notice requires specific checks on coal mine flooding and gas leakage, electrical and mechanical systems and transportation, and proper production and construction procedures. Under the requirement of Supplementary Provisions Notice, further implementation of prevention measure against coal mine flooding in Gujiao Municipality to avoid coal mine flooding accident by setting supplementary provisions for works on prevention of coal mine flooding, especially the requirements on adoption and standard of exploration technology, were required. For the avoidance of doubt, the Group's mines were not involved in the Accident. In order to comply with the aforesaid relevant notices and requirements by provincial and municipal regulatory authorities and to actively follow the Safe Production Checks Notice and the Supplementary Provisions Notice, the Group has conducted comprehensive checks and improvement works again on our five suspended mines, especially relevant checks on water and gas prevention measures.

* *For identification purpose only*

In light of the circumstances and under the best estimation of the management of the Group, the schedule of the improvement works and operation of the respective mines are set out below:

	Expected completion date of the reconstruction and improvement works	**Expected date of commencement of commercial operation**
Liaoyuan Mine	30 June 2016	31 October 2016
Jinxin Mine *(note)*	31 May 2016	30 September 2016
Xinfeng Mine	31 July 2016	30 November 2016
Bolong Mine	30 June 2016	31 October 2016
Fuchang Mine *(note)*	31 May 2016	30 September 2016

Note: In order to comply with the new additional safety requirement imposed by the relevant PRC provincial and municipal regulatory authorities, the Group has to conduct further improvement works on Jinxin Mine and Fuchang Mine which have already completed the reconstruction and improvement works. Therefore, expected dates of commencement of commercial operation of the relevant mines have been re-scheduled.

The Board will continue to use its best endeavours to satisfy the conditions set forth by the relevant PRC authorities with an aim to resume the construction and development work of the Group's mining sites located in Shanxi Province as soon as possible. We will keep shareholders of the Company updated for the development as and when appropriate.

Summary of expenditure incurred for the six months ended 30 June 2015 for the mine development and improvement works are set out below:

			Mines		
Expenditures *(HK$ in million)*	**Liaoyuan Mine**	**Jinxin Mine**	**Xinfeng Mine**	**Bolong Mine**	**Fuchang Mine** *(note)*
Exploration	–	–	–	0.1	–
Construction	–	–	–	1.1	6.7
Equipment and Installation	–	–	–	–	4.6
Total	–	–	–	1.2	11.3

Note: Due to the suspension on construction and developments of the mines, examination, acceptance and related clearance on basically completed reconstruction and improvement works prior to year 2014 were gradually performed in current period.

For the details of historical development activities of our five mines and their latest status, please refer to our 2014 Annual Report.

Banking and Finance Systems Integration Services Businesses

The turnover for the first half of 2015 decreased in comparison to the same period last year mainly due to decrease in sales of automated teller machines ("ATM(s)"). At the same time, the cost of sales also decreased mainly due to the decrease in sales of ATMs. However, the gross profit margin was increased mainly as a result of cost control during the current period. Loss for the period was slightly decreased mainly due to increase in gross profit and decrease in administrative and operating expenses.

In the first half of 2015, the PRC economic slowdown caused the suppression in demand for ATMs by banking industry. Furthermore, the keen competition from local manufactures of ATMs also affected our result of the period. During the period, we continuously maintained costs and provided high quality ATM maintenance services to our clients in order to increase their loyalty. Our business continues to develop by providing installation and maintenance services to PRC post offices and the cooperation with a US manufacturer of postage machines.

In the second half of 2015, we will (i) keep enhancing our internal control, (ii) strive to control costs; and (iii) strictly control expenses. At the same time, we will endeavor to improve our systems, strength coordination, standardize company's operation and increase in efficiency to cope with challenges that we are facing.

OUTLOOK

In the second half of 2015, the Company will continue monitoring the progress of the resumption of construction work of the coal mines in Shanxi Province, the PRC, in order to meet the expected timetable.

Also, the Group will continue to identify suitable investments, acquisitions and project opportunities in order to enhance the value of the Company and to create higher returns for shareholders.

FINANCIAL REVIEW

Review of Results

For the six months ended 30 June 2015, the Group recorded a turnover of approximately HK$21,985,000 (six months ended 30 June 2014: approximately HK$51,641,000), which represented a decrease of approximately 57.4%. For the six months ended 30 June 2015, the gross profit of the Group was approximately HK$7,241,000 (six months ended 30 June 2014: approximately HK$15,516,000), which represented a decrease of approximately 53.3%. The decrease in turnover was mainly due to the decrease in sales of the banking and finance systems integration services and software solutions and the mining operations segments. The decrease in turnover of mining operation segment was mainly due to a decrease in sales of coking coal. The decrease in gross profit was mainly due to the decrease in turnover of the mining operations segments. The Group recorded a loss of approximately HK$2,161,665,000 as compared to a loss of approximately HK$163,521,000 for the same period last year which represented an increase of approximately 12.22 times. The increase in the loss for the current period was mainly attributable to the (i) impairment loss recognized in respect of the mining rights and property, plant and equipment; (ii) loss on change in fair value of derivative component of convertible loan notes; and (iii) increase in finance costs.

The impairment loss recognized in respect of mining rights and property, plant and equipment amounted to HK$1,267,183,000 which was arising from the decrease in fair value of mining operation. The decrease in the fair value of the mining operation was mainly due to the delay on the mines' commercial operation and the drop in coal price. Greater China Appraisal Limited ("Greater China"), an independent qualified professional valuer, estimated the fair value of the coal mining business based on the income approach using a discount rate of 15.47% (31 December 2014: 15.51%) and prevailing coal price of RMB780 per tonne (31 December 2014: RMB800 per tonne) based on market information obtained from Shanxi. The major reason for the decrease in coal price was due to economic downturn in the PRC. The mines' commercial operation was delayed by an average of 11 months as compared with 31 December 2014 due to the suspension of construction and development works of our mines.

The commercial operation was delayed because the Group received the Safe Production Checks Notice dated 30 April 2015 from Shanxi Provincial Coal Industry Office* and Shanxi Administration Bureau of Coal Mine Safety* and the Supplementary Provisions Notice dated 11 May 2015 from Gujiao Municipality Coal Industry Bureau respectively. In order to comply with the aforesaid relevant notices and requirements by provincial and municipal regulatory authorities and to actively follow the Safe Production Checks Notice and the Supplementary Provisions Notice, the Group has conducted comprehensive checks and improvement works again on our five suspended mines, especially relevant checks on water and gas prevention measures. Please refer to Business Review section of this announcement for details.

Except for the changes to the mines' commercial operation schedule and coal prices stated above, there has been no change in valuation methodology and only minor changes in discount rate and other miscellaneous factors in comparison to previous valuation of Lexing Group dated 31 December 2014. Apart from the delay in commercial operations of the relevant mines and drop in coal price, the Company is not aware of any other significant reason or change in circumstances during period ended 30 June 2015 leading to impairment loss.

* *For identification purpose only*

For the key change in assumptions and parameters in the valuation of Lexing Group as at 30 June 2015 and 31 December 2014 are set out as below:

Methodology		30 June 2015 Income Approach	31 December 2014 Income Approach	Remarks
Key Assumptions				
1.	Production Schedule			
	Bolong Mine			
	Operation Starting Date	**Forth quarter of 2016**	First quarter of 2016	Updated based on latest mine's operation schedule
	Fuchang Mine			
	Operation Starting Date	**Forth quarter of 2016**	Third quarter of 2015	
	Jinxin Mine			
	Operation Starting Date	**Forth quarter of 2016**	Third quarter of 2015	
	Liayuan Mine			
	Operation Starting Date	**Forth quarter of 2016**	First quarter of 2016	
	Xinfeng Mine			
	Operation Starting Date	**Forth quarter of 2016**	First quarter of 2016	
2.	Coal Price	**780**	800	Drop in prevailing coal price
3.	Discount Rate (Post-tax)	**15.47%**	15.51%	

Note: As shown in the above table, the primary change in valuation assumption would be the drop in prevailing coal price (which is dominant factor for the drop in valuation) and delay in mines' commercial operation schedule. There was no change in valuation methodology in those valuations. For discount rate, calculation of WACC is based on market participant's data which are varied daily due to new information and changing market expectation every day.

The summary of impairment loss recognized in respect of mining rights and property, plant and equipment for period ended 30 June 2015 are set out as below.

Mine	**Date of acquisition by the Group**	**Mining right**	**Property, plant and equipment**
		HK$'000	*HK$'000*
Bolong Mine	7 June 2013	245,841	29,009
Liaoyuan Mine	7 June 2013	207,706	28,797
Xinfeng Mine	7 June 2013	155,824	5,266
Fuchang Mine	7 June 2013	303,218	68,886
Jinxin Mine	7 June 2013	185,521	37,115
Total		1,098,110	169,073

The administrative and operating expenses for the six months ended 30 June 2015 was HK$85,089,000 which represented a decrease of 21.5% when compared with the same period in the year 2014.

The increase in finance costs was mainly due to increase in loan interests incurred for the coal mine business from amount due to Shanxi Coal Transportation and Sales Group Co. Ltd.. The increase in loss will not affect the liquidity of the Group materially as the majority of the loss was non-cash in nature. Loss attributable to the owners of the Company for the six months ended 30 June 2015 amounted to approximately HK$1,515,821,000 (six months ended 30 June 2014: approximately HK$15,036,000), represented an increase of approximately 99.81 times. The increase in loss attributable to the owners of the Company was mainly due to impairment loss recognised in respect of the mining rights, and property, plant and equipment, loss on change in fair value of derivative component of convertible loan notes and increase in finance costs. Loss per share for the first six months of the year 2015 were 14.63 HK cents compared to 0.48 HK cents for the same period in the year 2014. The increase in loss per share were mainly attributable to significantly increase in the loss attributable to the owners of the Company for the six months ended 30 June 2015 compared with same period in year 2014.

GEARING

As at 30 June 2015, the Group gearing ratio computed as the Group's other borrowings, promissory notes and liabilities component of convertible loan notes over the total equity was approximately 0.95 as compared to approximately 1.89 as at 31 December 2014.

The decrease in the gearing ratio was mainly due to the conversion of certain convertible loan notes into ordinary shares during period under review.

LIQUIDITY

The Group had total cash and bank balances of approximately HK$64,312,000 as at 30 June 2015 (31 December 2014: approximately HK$40,632,000). The Group did not have any bank borrowings as at 30 June 2015 and 31 December 2014 respectively.

FUND RAISING ACTIVITIES – PLACING

As mentioned in the section of Business Review, the Company entered into a placing and underwriting agreement with the underwriter and completed to allot and issue all 472,205,000 shares at the placing price of HK$0.18 per Placing Share. The net proceeds from the placing are approximately HK$83.8 million and have been used for general working capital (including settlement of interest expense and reduction of debts). The summary of use of proceeds from Placing is set out as below:

	HK$ in million
Net proceeds from Placing	83.8
Less: Settlement of interest	(17.9)
Reduction of debt	(10.0)
Operating expenses	(8.9)
Balance as at 30 June 2015	**47.0**

For details, please refer to Business Review section.

CHARGES ON ASSETS

There was no assets of the Group has been pledged as at 30 June 2015 and as at 31 December 2014.

TREASURY POLICIES

The Group generally financed its operations with internally generated resources and funds from equity and/or debt financing activities. All financing methods will be considered so long as such methods are beneficial to the Company. Bank deposits are in Hong Kong dollars ("HK$"), Renminbi ("RMB") and the United States dollars ("USD").

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group had no material contingent liabilities as at 30 June 2015 and as at 31 December 2014. The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2015 of approximately HK$281,345,000 (31 December 2014: HK$315,925,000).

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2015, the Group mainly earned revenue in RMB and incurred costs in HK$, RMB and USD. Although the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future. However, any permanent or significant changes in RMB against HK$, may have possible impact on the Group's results and financial positions.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed approximately 841 full time employees in Hong Kong and the PRC. 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 and training programs and share option scheme.

SUBSEQUENT EVENTS

The Supplemental Loan Agreement, the Share Charge and the Capitalisation Agreement

With reference to announcement of the Company dated 13 July 2015 (the "Announcement"), North Asia Precious Metals Group Limited, being a direct wholly-owned subsidiary of the Company, as the Borrower, and Get Best Management Ltd as the Lender entered into the Supplemental Agreement to amend certain terms of the Loan Agreement (as amended by two (2) letters of extension issued by the Lender and dated 30 May 2014 and 6 July 2015 respectively) dated 30 May 2013 and entered into between the Borrower and the Lender. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise defined herein.

On 13 July 2015, Technology Venture Investments Limited as the Chargor, being a direct wholly-owned subsidiary of the Company and the Lender, as chargee, executed the Share Charge, pursuant to which a share charge shall be created over the Charged Shares, being all the issued shares of Topasia Computer Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Chargor, as a security for the performance of all obligations of the Borrower under the Loan Agreement and the Supplemental Agreement.

On 13 July 2015, the Company, the Borrower and the Lender entered into the conditional Capitalisation Agreement, pursuant to which the Lender conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue to the Lender 28,078,979 Capitalisation Shares at the Issue Price of HK$0.145 per Capitalisation Share, totalling HK$4,071,452 which was satisfied by setting against the outstanding sum of HK$4,071,452, being the unpaid interest accrued on the Loan up to and including the date of this announcement.

For the details of the Supplemental Loan Agreement, the Share Charge and the Capitalisation Agreement, please refer to the Announcement.

Grant of Share Option

With reference to announcement dated 14 July 2015, the Board has resolved to grant share option ("the Options") to certain individuals (the "Grantees") to subscribe for a total of 825,000,000 ordinary shares of HK$0.01 each in the share capital of the Company (each a "Share"), under the share option scheme adopted by the Company based on the Shareholders' resolution passed on 28 May 2015 (the "Share Option Scheme").

Among the Options granted, 20,000,000 Options were granted to the Lender as disclosed in the announcement and 276,000,000 Options were granted to the Directors, details of which are as follows:

Name of Directors	Positions held with Company	Number of Options granted
Mr. Zhang Sanhuo	Chairman and Executive Director	16,000,000
Mr. Huang Boqi	Deputy Chairman, Executive Director and Chief Executive Officer	160,000,000
Mr. Tse Michael Nam	Executive Director	60,000,000
Mr. Zou Chenjian	Non-Executive Director	10,000,000
Ms. Leung Yin Fai	Independent non-executive Director	10,000,000
Mr. Leung Po Wing, Bowen Joseph	Independent non-executive Director	10,000,000
Mr. Zhou Chunsheng	Independent non-executive Director	10,000,000
	Total	276,000,000

For the details of Grant of Share Option, please refer to our announcement dated 14 July 2015.

According to the scheme limit of the Share Option Scheme as approved at the annual general meeting of the Company held on 28 May 2015 (being 1,666,015,079 Options) less the 825,000,000 Options granted by the Company since the adoption of the Share Option Scheme, the Company may further grant 841,015,079 share options, representing approximately 4.95% of the issued share capital of the Company as at 30 June 2015.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: nil).

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2015, the Company has complied with the code provisions and where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code (the "Code") under Appendix 14 of the Listing Rules, save for the deviation from code provision A.5 of the Code.

The Company did not establish a nomination committee which constitutes a deviation from the code provision A.5 of the Code which stipulates that the issuer should establish a nomination committee.

The Board considers that the appointment and removal of directors are the collective decision of the Board. Where vacancies on the Board exist, the Board will carry out the selection process by making references to the skill, experience, professional knowledge, personal integrity and time commitments of the proposed candidate, including the independence status in the case of an independent non-executive director, the Company's needs and other relevant statutory requirements and regulations. The procedures for shareholders to elect a director has been published in the Company's and HKEx' websites.

Reference is made to the announcements of the Company dated 30 April 2015 and 1 June 2015 respectively. Mr. Chen Liang ("Mr. Chen") and Ms. Liu Rong-Rong ("Ms. Liu") have been appointed as the Executive Directors with effect from 1 May 2015. But both of Mr. Chen and Ms. Liu have resigned as Executive Directors with effect from 2 June 2015 in order to pursue their other business engagements and as a result of the termination of the agreement of the Proposed Acquisition.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with each of the Directors and all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2015.

By the order of the Board of
North Asia Resources Holdings Limited
Mr. Zhang Sanhuo
Chairman

Hong Kong, 25 August 2015

As at the date of this announcement, Mr. Zhang Sanhuo, Mr. Huang Boqi and Mr. Tse Michael Nam are the executive Directors, Mr. Zou Chengjian is the non-executive Director and Ms. Leung Yin Fai, Mr. Leung Po Wing, Bowen Joseph (GBS, JP) and Mr. Zhou Chunsheng are the independent non-executive Directors.