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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of North Asia Resources Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Turnover	4	**106,246**	129,737
Cost of sales and services rendered		**(56,642)**	(107,233)
Gross profit		**49,604**	22,504
Other operating income	4	**27,743**	1,254
Selling and distribution expenses		**(2,907)**	(3,354)
Administrative and operating expenses		**(230,452)**	(201,241)
Change in fair value of derivative component of convertible loan notes		**317,592**	218,714
Gain on amendment of terms of convertible loan notes		**–**	14,538
Loss on redemption of convertible loan notes		**–**	(91,812)
Loss on redemption of promissory notes		**–**	(49,521)
Impairment loss recognised in respect of goodwill		**–**	(3,661,555)
Impairment loss recognised in respect of mining rights		**(709,204)**	(228,439)
Impairment loss recognised in respect of property, plant and equipment		**(74,776)**	(21,172)
Net gain on disposal of subsidiaries		**–**	60,783
Finance costs	5	**(477,771)**	(263,877)
Loss before taxation	6	**(1,100,171)**	(4,203,178)
Income tax credit	7	**177,040**	56,980
Loss for the year		**(923,131)**	(4,146,198)
Attributable to:			
Owners of the Company		**(452,508)**	(3,947,960)
Non-controlling interests		**(470,623)**	(198,238)
		(923,131)	(4,146,198)
Loss per share	8		
Basic and diluted (HK$)		**(0.122)**	(1.834)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(923,131)**	(4,146,198)
Other comprehensive income for the year, net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange reserve realised on disposal of subsidiaries	**–**	204
Exchange differences on translation of foreign operations	**178,501**	117
Other comprehensive income for the year, net of tax	**178,501**	321
Total comprehensive expenses for the year, net of tax	**(744,630)**	(4,145,877)
Total comprehensive expenses attributable to:		
Owners of the Company	**(374,985)**	(3,947,639)
Non-controlling interests	**(369,645)**	(198,238)
	(744,630)	(4,145,877)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**1,293,296**	1,006,409
Mining rights		**11,399,038**	11,772,162
Goodwill		**–**	–
Deposits paid for acquisition of property, plant and equipment		**46,684**	48,220
		12,739,018	12,826,791
Current assets			
Inventories		**1,880**	1,291
Trade and other receivables	*9*	**82,777**	168,109
Amount due from a related company		**9**	9
Amount due from a director		**66**	63
Derivative component of convertible loan notes		**11,340**	16,678
Bank balances and cash		**40,632**	88,941
		136,704	275,091
Current liabilities			
Trade and other payables	*10*	**821,560**	710,131
Payables for mineral resources compensation fees		**–**	142,168
Amounts due to related companies		**454,058**	434,057
Amount due to a non-controlling interest holder		**1,793,016**	246,914
Other borrowings		**37,755**	37,755
Derivative component of convertible loan notes		**930,730**	1,485,672
Income tax liabilities		**6,752**	7,015
		4,043,871	3,063,712
Net current liabilities		**(3,907,167)**	(2,788,621)
Total assets less current liabilities		**8,831,851**	10,038,170

	2014	2013
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**60,350**	28,970
Convertible preference shares	**19,887**	21,071
Reserves	**(3,071,653)**	(3,262,709)
Equity attributable to owners of the Company	**(2,991,416)**	(3,212,668)
Non-controlling interests	**4,531,259**	4,900,904
Total equity	**1,539,843**	1,688,236
Non-current liabilities		
Amount due to a non-controlling interest holder	**1,730,794**	2,598,765
Provision for restoration, rehabilitation and environmental costs	**67,933**	62,330
Promissory notes	**278,634**	275,416
Liabilities component of convertible loan notes	**2,587,386**	2,686,701
Deferred tax liability	**2,627,261**	2,726,722
	7,292,008	8,349,934
	8,831,851	10,038,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 Company's address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business is Units 2001-2, 20/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

The functional currency of the Company and its major subsidiaries are Renminbi ("RMB"). As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in Hong Kong dollar ("HK$").

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

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group.

As at 31 December 2014, the Group had net current liabilities of approximately HK$3,907,167,000 and the Group incurred a loss of approximately HK$923,131,000 for the year ended 31 December 2014. 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 31 December 2014 as the directors had taken into consideration of the following facts and circumstances:

i) As at 31 December 2014, included in the current liabilities of the Group was derivative component of convertible loan notes of approximately HK$930,730,000 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 component of convertible loan notes shall not result in any cash outflow for the Group;

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

iii) As at 31 December 2014, the Group had loan facilities in aggregate of RMB3,900,000,000 (equivalent to approximately HK$4,952,000,000 as at 31 December 2014) provided from a non-controlling interest holder of a subsidiary of the Group (the "Non-controlling Interest Holder") of which, RMB2,775,000,000 (equivalent to approximately HK$3,523,810,000 as at 31 December 2014) is in use by the Group as at 31 December 2014. 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.

Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements 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 consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 introduce an exception to the requirements for the discontinuation of hedge accounting in HKAS 39 if specific conditions are met. The amendments to HKAS 39 state that the novation of a hedging instrument is not be considered an expiration or termination if the novation (a) is required by laws or regulations; (b) results in a central counterparty or an entity acting in a similar capacity becoming the new counterparty to each of the parties to the novated derivative and (c) does not result in changes to the terms of the original over-the-counter derivatives other than the changes directly attributable to the novation. For all other novations outside the scope of the exemption, an entity should assess if they meet the derecognition criteria and the conditions for continuation of hedge accounting.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group preforms a detailed review.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicator assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statement.

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. 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 purpose 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 selling of coking coal
Coal operation	– Provision of coal trading and logistics services

The management of the Group monitors the operating results of its business units separately for the purposes of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in the table below, is measured differently from the operating profit or loss in the consolidated statement of profit or loss. The Company's financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to the operating segments.

For the purposes of monitoring segment performance and allocating resources between segments, the CODM also reviews the segment assets and segment liabilities.

Segments revenues and results

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	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December								
TURNOVER								
Sales to external customers	**56,091**	79,428	**44,644**	9,794	**5,511**	40,515	**106,246**	129,737
RESULTS								
Segment loss	**(3,703)**	(1,143)	**(920,652)**	(4,046,641)	**(218)**	(6,140)	**(924,573)**	(4,053,924)
Unallocated income							**317,825**	294,703
Unallocated expenses							**(15,652)**	(180,080)
Finance costs							**(477,771)**	(263,877)
Loss before taxation							**(1,100,171)**	(4,203,178)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. 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, gain on amendment of terms of convertible loan notes, loss on redemption of convertible loan notes, loss on redemption of promissory notes, net gain on disposal of subsidiaries, certain other income and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segments assets and liabilities

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

Segment assets

	2014	2013
	HK$'000	*HK$'000*
Banking and finance systems integration services and software solutions	**28,294**	26,575
Mining operation	**12,787,897**	12,951,233
Coal operation	**3,944**	15,182
Total segment assets	**12,820,135**	12,992,990
Unallocated	**55,587**	108,892
Consolidated assets	**12,875,722**	13,101,882

Segment liabilities

	2014	2013
	HK$'000	*HK$'000*
Banking and finance systems integration services and software solutions	**40,107**	33,827
Mining operation	**4,561,148**	3,919,769
Coal operation	**239,037**	232,205
Total segment liabilities	**4,840,292**	4,185,801
Unallocated	**6,495,587**	7,227,845
Consolidated liabilities	**11,335,879**	11,413,646

For the purposes of monitoring segment performances 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 segments.

– all liabilities are allocated to reportable segments other than certain other payables, certain amounts due to related parties, 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.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers is presented based on the location of the operation. Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	Hong Kong		Elsewhere in the PRC		Mongolia		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Revenue from external customers	**–**	–	**106,246**	129,080	**–**	657	**106,246**	129,737
Non-current assets	**496**	44	**12,738,522**	12,826,747	**–**	–	**12,739,018**	12,826,791

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2014	2013
	HK$'000	*HK$'000*
Sale of automatic teller machines	**30,074**	59,736
Sale of coal	**5,511**	39,858
Sale of mining products	**44,644**	9,794
Provision of logistics services	**–**	657
Rendering of computer technology services	**26,017**	19,692
	106,246	129,737

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A[1]	**20,189**	13,933
Customer B[2]	**18,718**	N/A[3]

[1] Revenue from banking and finance systems integration services and software solutions.
[2] Revenue from mining operation.
[3] The corresponding revenue did not contribute over 10% of revenue of the Group in the respective year.

4. TURNOVER AND OTHER OPERATING INCOME

Turnover represents invoiced value of goods sold and services rendered, net of discounts allowed and sales taxes where applicable. Revenues recognised during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**80,229**	109,388
Rendering of services	**26,017**	20,349
	106,246	129,737
Other operating income		
Gain on disposal of property, plant and equipment	**508**	–
Interest income	**158**	379
Net foreign exchange gains	**197**	–
Reversal of impairment loss recognised in respect of trade receivables	**–**	140
Written back of provision of litigation	**16,073**	–
Recovery of other receivables previously written off	**10,266**	–
Sundry income	**2**	288
Government grant	**539**	447
	27,743	1,254

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expenses on convertible loan notes	**292,990**	180,778
– promissory notes	**31,298**	17,909
– other borrowings	**1,920**	1,490
– amount due to a related company	**53**	–
– amount due to a non-controlling interest holder	**299,309**	127,523
Total borrowing costs	**625,570**	327,700
Less: amounts capitalised in construction in progress	**(151,621)**	(66,057)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**3,822**	2,234
	477,771	263,877

6. LOSS BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**1,872**	2,971
Amounts of inventories recognised as expense	**35,157**	96,321
Depreciation	**57,850**	28,876
Exchange (gain) loss, net	**(197)**	1,443
Impairment loss recognised in respect of trade receivables	**9,336**	283
(Gain) Loss on disposal of property, plant and equipment	**(508)**	632
Payments under operating leases in respect of land and buildings	**11,072**	7,381

7. INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
PRC Enterprise Income Tax (the "EIT")		
– current	**261**	117
– under-provision in previous years	**–**	13
	261	130
Deferred tax	**(177,301)**	(57,110)
Income tax credit	**(177,040)**	(56,980)

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

(ii) 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 years.

(iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries was 25% for both years.

8. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(452,508)**	(3,947,960)

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,711,018,433**	2,152,917,616

The computation of diluted loss per share does not assume 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 diluted loss per share are the same.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**46,724**	57,884
Less: Allowance for impairment of trade receivables	**(22,744)**	(13,211)
	23,980	44,673
Prepayments, deposits and other receivables	**58,797**	123,436
Total trade and other receivables	**82,777**	168,109

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 the 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:

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**4,528**	31,471
91 days to 180 days	**5,518**	5,009
181 days to 365 days	**6,564**	2,523
Over 365 days	**7,370**	5,670
	23,980	44,673

10. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables		
– third parties	**6,515**	14,521
– a non-controlling interest holder	**325**	325
	6,840	14,846
Receipts in advance	**13,743**	1,388
Accrued staff costs	**52,690**	33,378
Other taxes payable	**18,912**	11,962
Accrued interests	**3,051**	1,519
Considerations for acquisition of subsidiaries	**400,990**	374,977
Payables for construction works and purchase of machineries	**280,126**	224,816
Accrued expenses and other payables	**45,208**	47,245
	821,560	710,131

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

	2014	2013
	HK$'000	*HK$'000*
Within 90 days	**400**	1,155
91 days to 180 days	**2,585**	8,757
181 days to 365 days	**3,183**	3,491
Over 365 days	**672**	1,443
	6,840	14,846

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.

11. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Commitments under operating leases

The Group as lessee

The Group leases certain of its office promises and staff quarters under operating lease arrangements. Lease for properties are negotiated for a term arranging from two months to three years and rental are fixed.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014	2013
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**6,026**	3,490
In the second to fifth year inclusive	**4,810**	1,899
	10,836	5,389

(b) Other capital commitments

	2014	2013
	HK$'000	*HK$'000*
Contracted but not provided for in respect of acquisition of property, plant and equipment	**315,925**	368,370

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion

As set out in note 1 to the consolidated financial statements, the Group had net current liabilities of approximately HK$3,907,167,000 as at 31 December 2014 and incurred a loss of approximately HK$923,131,000 for the year ended 31 December 2014. The consolidated financial statements of the Group have been prepared on a going concern basis, the validity of which is dependent on the ongoing availability of finance to the Group (as set out in note 1 iii), including loan facilities granted by a non-controlling shareholder of a subsidiary of the Group (the "Non-controlling Shareholder"). We were unable to obtain confirmation or verify from the Non-controlling Shareholder the availability of such future financing. If these finances are not forthcoming, the Group would be unable to meet its finance obligations as and when they fall due. In view of the extent of the limitation of audit evidence relating to the ongoing availability of finance to the Group which might cast a significant doubt on the Group's ability to continue as a going concern, we disclaim our opinion in this respect.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other material respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

For the year ended 31 December 2014, the Group recorded a turnover of approximately HK$106,246,000 (2013: HK$129,737,000), which represented a decrease of approximately 18.1%. Due to the increase in sales of coking coal, the turnover of mining segment is increased while it was recorded decrease in turnover from banking and finance system integration services and software solutions segment due to reduce in sales of automatic teller machines ("ATM(s)")

For year ended 31 December 2014, the Group recorded a gross profit of approximately HK$49,604,000 (2013: HK$22,504,000), which represented an increase of approximately 120.4%. The increase in gross profit was mainly caused by the increase in sales of coking coal in year 2014.

The Group recorded a loss of approximately HK$923,131,000 as compared to a loss of approximately HK$4,146,198,000 last year, which was amounted to a decrease of approximately HK$3,223,067,000. The decrease in loss for the year 2014 was mainly attributable to the net effect of decrease in impairment loss recognized in respect of goodwill, increase in impairment loss recognized in respect of mining rights and property, plant and equipment and increase in finance costs. The impairment loss recognized in respect of mining rights amounted to approximately HK$709,204,000 which was arising from the decrease in fair value of the coal mining business.

The administrative and operating expenses for the year 2014 was approximately HK$230,452,000 (2013: HK$201,241,000) which represented an increase of 14.5% when compared with the year 2013.

The finance cost for year 2014 was approximately HK$477,771,000 (2013: HK$263,877,000) which represented an increase of 81.1% when compared with the year 2013. The increase was mainly due to the issue of new CBs and PNs (as defined below) issued by the Company each in principal amount of US$30 million in year 2013. Also, additional loan interests were incurred arising from the amount due to Shanxi Coal Transportation and Sales Group Co., Ltd. ("Shanxi Coal Transportation") were incurred for the coal mining business.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

BUSINESS REVIEW

Overview

During the year 2014, the Company has been diligently working towards the resumption of the construction works for the five coal mines, located in Shanxi Province of the People's Republic of China (the "PRC"), which had been suspended by the PRC authorities. Details are stated in the Coal Mining section below.

Coal Mining

As reported in our 2013 Annual Report, an accident (the "Accident") occurred in a coal mine (the "Accident Mine") in Fenyang Municipality, Shanxi Province of the PRC on 28 September 2013. To the best of the Directors' knowledge and information, ten workers passed away in that Accident. The Group has no relationship with the Accident Mine and the Group has no interests in the Accident Mine. Subsequent to the occurrence of the Accident, on or about 15 October 2013, the Group received official notifications from 山西省煤炭工業廳 (Shanxi Provincial Coal Industry Office*) and 古交市煤炭工業局 (Gujiao Municipality Coal Industry Bureau*), pursuant to which the construction and development works of all mining sites under construction which located in Shanxi Province of the PRC, would have to be suspended and would only be resumed upon the successful examination and checking of the various safety measures adopted at such mining sites relating but not limited to the geological conditions, ventilation, sequence of construction, site condition and construction team management.

Subsequent to the notifications issued by Shanxi Provincial Coal Industry Office* and Gujiao Municipality Coal Industry Bureau* as disclosed in the announcement made by the Company on 10 January 2014, 山西省太原市人民政府辦公廳 (Shanxi Provincial Taiyuan People's Government Office*) issued a notification to the relevant local authorities and units in relation to the proposed implementation of a rectification scheme for coal mines including adoption of certain necessary measures regarding the hydrological and geological conditions, ventilation and gas management, site conditions, sequence of construction and construction team management. According to the notification, the local coal industry bureaus shall conduct

* *For identification purpose only*

inspections of the relevant mining sites and shall supervise the mining sites to carry out the rectification. The relevant coal industry bureaus have issued notifications to the Group in relation to, among others, rectification of the Group's mining sites located in Shanxi Province accordingly. Pursuant to such notifications, the Group shall, within 15 to 45 working days after approval of the rectification plan for each mining sites by the relevant local coal industry bureau, carry out and implement the rectification measures relating but not limited to the hydrological and geological conditions, ventilation and gas management, site conditions and sequence of construction. 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 to the relevant authorities for the resumption of the construction and development works of the Group's mining sites located in Shanxi Province.

As the announcement made by the Company on 8 August 2014, the approvals for the resumption of construction works for all five coal mines were obtained from the relevant authorities and the construction and improvement works had also been resumed accordingly.

As disclosed in the announcement made by the Company on 27 January 2015, Gujiao Municipality Coal Industry Bureau* issued another notification to the Group in connection with the suspension of construction and development works and rectification scheme. The Group's coal mines has been identified as soakaway pit as mentioned in the notification, as such 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 correlated staff training, construction team management and emergency team management of the Group's five mining sites in 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 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. Please refer to the supplemental announcement dated 1 December 2014 and announcement dated 27 January 2015 and our forthcoming 2014 Annual Report for further details of development activities of our mines for the year ended 31 December 2014 and their latest status.

* *For identification purpose only*

In light of these circumstances, as per the best current estimation made by the management of the Group, the schedule of the improvement works and operation of the respective mines is set out below:

	Expected completion date of the reconstruction and improvement works	**Expected date of commencement of commercial operation**
Liaoyuan Mine	30 September 2015	28 February 2016
Jinxin Mine	Completed	31 August 2015
Xinfeng Mine	30 September 2015	31 January 2016
Bolong Mine	31 August 2015	31 December 2015
Fuchang Mine	Completed	31 July 2015

The board of directors will continue to use its best endeavours to satisfy the conditions set forth by the relevant 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.

Resources and Reserves of Mines

The mines and projects owned by the Group have significant coal reserves and resources under the JORC Code. According to the Competent Person's Report from John T. Boyd Company disclosed in the circular of the Company dated 25 March 2013, as of 21 November 2012, the total aggregate proved and probable recoverable reserves of coal in Liaoyuan mine was approximately 7.91 Mt, the total aggregate proved and probable recoverable reserves of coal in Jinxin mine was approximately 3.55 Mt, the total aggregate proved and probable recoverable reserves of coal in Xinfeng mine was approximately 7.41 Mt, the total aggregate proved and probable recoverable reserves of coal in Bolong mine was approximately 22.04 Mt and the total aggregate proved and probable recoverable reserves of coal in Fuchang mine was approximately 5.68 Mt.

The Group estimated resources and reserves as of 31 December 2014 were the same as that as at 21 November 2012 because the commercial operation of all five mines had not been commenced.

JORC Mineral Resources and Reserves as of 31 December 2014:

	MINING RIGHT AREAS											
	In-Place Resource (Mt)				Recoverable Reserves (Mt)				Marketable Reserves (Mt)			
Mine	Measured	Indicated	Inferred	Total	Proved	Probable	Total	Processing Yield %	Proved	Probable	Total	% of Reserves
					Within Authorized Mining Elevation							
Bolong	18.58	19.27	–	37.85	11.09	10.25	21.34	93	10.27	9.54	19.81	45
Fuchang	8.10	2.31	–	10.41	4.62	1.06	5.68	92	4.23	0.99	5.22	12
Jinxin	1.38	2.28	–	3.66	0.78	1.02	1.80	94	0.72	0.98	1.70	4
Liaoyuan	8.97	6.52	2.53	18.02	4.42	3.49	7.91	94	4.14	3.30	7.44	17
Xinfeng	6.39	6.59	–	12.98	4.09	3.32	7.41	93	3.79	3.07	6.86	16
Total	43.42	36.97	2.53	82.92	25.00	19.14	44.14		23.15	17.88	41.03	94
					Outside Authorized Mining Elevation							
Bolong	0.59	0.66	–	1.25	0.36	0.34	0.70	94	0.34	0.32	0.66	2
Jinxin	0.59	2.64	0.45	3.68	0.33	1.42	1.75	95	0.33	1.34	1.67	4
Total	1.18	3.30	0.45	4.93	0.69	1.76	2.45		0.67	1.66	2.33	6
					Total							
Bolong	19.17	19.93	–	39.10	11.45	10.59	22.04	93	10.61	9.86	20.47	47
Fuchang	8.10	2.31	–	10.41	4.62	1.06	5.68	92	4.23	0.99	5.22	12
Jinxin	1.97	4.92	0.45	7.34	1.11	2.44	3.55	95	1.05	2.32	3.37	8
Liaoyuan	8.97	6.52	2.53	18.02	4.42	3.49	7.91	94	4.14	3.30	7.44	17
Xinfeng	6.39	6.59	–	12.98	4.09	3.32	7.41	93	3.79	3.07	6.86	16
Total	44.60	40.27	2.98	87.85	25.69	20.90	46.59		23.82	19.54	43.36	100

The reserves and resources table was compiled by the technical advisors from JT Boyd. Their identities and qualifications detail could be found in our 2014 Annual Report which will be despatched before the end of April 2015.

Banking and Finance Systems Integration Services Business

In 2014, the PRC economic slowdown and rising labor costs caused difficulties to our business environment. Therefore, the turnover and gross profit decreased and resulted in an increase in loss for the year.

The financial industry continuously suffered a decrease in gross profit margin. Therefore, the demand for ATMs was suppressed and became price sensitive. In order to provide value added service, we promoted a Japanese ATM which integrated withdrawal and deposit functions and a US ATM to PRC banks. We had received orders from some PRC banks for these ATMs.

During the year 2014, we continuously maintained costs and provided high quality ATM maintenance services to our client. We successfully obtained new ATM maintenance services orders from some PRC banks.

In 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, strengthen coordination, standardize companies' operation and increase the efficiency to cope with challenges that we are facing.

OUTLOOK

The Company still use its best endeavours to satisfy the conditions set forth by the relevant 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 in order to meet the expected time table. The management is confident that the commencement of commercial operations of the coal mines will bring strong prospects for the Company.

The Group will continue to identify suitable investments, acquisitions and projects opportunities in order to enhance the value of the company and to create higher returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Net assets

As at 31 December 2014, the Group recorded total assets of approximately HK$12,875,722,000 (2013: HK$13,101,882,000), which were financed by total liabilities if approximately 11,335,879,000 (2013: HK$11,413,646,000) and total equity of approximately HK$1,539,843,000 (2013: HK$1,688,236,000). The Group's net asset value as at 31 December 2014 was decreased by 8.8% to HK$1,539,843,000 as compared to approximately HK$1,688,236,000 as at 31 December 2013.

Gearing

As 31 December 2014, the Group's gearing ratio, computed as the Group's other borrowings, promissory notes and liabilities component of convertible loan notes over the total equity was approximately 1.89 as compared to approximately 1.78 as at 31 December 2013.

Liquidity

The Group had total cash and bank balances of approximately HK$40,632,000 as at 31 December 2014 (2013: HK$88,941,000). The Group did not have any bank borrowings for both years.

Based on the working capital forecast prepared by the management with reference to the Group's current business plans and the financial support by Shanxi Coal Transportation, the management considers that the Company will be able to finance its working capital requirement.

Funding raising activities – Placing

As disclosed, in the announcement of the Company dated 18 December 2012, on 18 December 2012, the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent conditionally agreed to procure, on as best effort basis, places to subscribe for new convertible bonds (which are convertible into share at the initial conversion price of HK$0.31 per conversion price) and promissory notes, each of them had an aggregate principal amount of not more than US$30 million ("the Placing"). Part of the Placing was completed on 24 June 2013 and the remainder was completed on 3 July 2013. The net proceeds from the placing were approximately US$59,642,000 (equivalent to approximately HK$465,208,000).

It was disclosed in the announcement of the Company dated 18 December 2012 that the estimated net proceeds, after the deduction of the estimated expenses, in relation to the Placing will be approximately US$59,642,000 (equivalent to approximately HK$465,208,000). The net proceeds from the Placing was intended to be used for the payment of part of the consideration for the very substantial acquisition and future operation of coal mines located in Shanxi as announced in the announcement dated 8 October 2012 and as general working capital of the Group

	US$'000	**HK$'000**
2013 Convertible Loan Notes B and C and Promissory Notes B and C	59,642	465,208
Partial repayment of Promissory Notes A	(45,949)	(358,400)
Payment of interest of 2010 Convertible Loan Notes A	(1,802)	(14,053)
Payment of interest of 2013 Convertible Loan Notes B and C and Promissory Notes B and C	(7,903)	(61,645)
Operating expenses	(3,988)	(31,110)
Balances as at 31 December 2014	–	–

Charges on Assets

There was no asset pledged as at 31 December 2014 (2013: nil).

Treasury Policies

The Group generally finance it operations with internally generated resources, from equity and/or debt financial activities. All financing methods will be considered so long as such methods are beneficial to shareholders as a whole. Subsidiaries in the PRC use internally generated resources to finance their working capital requirements. Bank deposits are mainly in Hong Kong dollar ("HK$"), Renminbi ("RMB") and United States dollar ("US$").

Contingent Liabilities and Capital Commitments

The Group had no material contingent liability as at 31 December 2014 (2013: nil).

The Group has capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 31 December 2014 of approximately HK$315,925,000 (2013: HK$368,370,000).

Foreign Exchange Exposure

For year ended 31 December 2014, the Group mainly earns revenue in HK$, RMB and incurred costs in HK$, RMB and US$. Although, the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future. However, any permanent or significant changes in RMB against HK$, may have possible impact on the Group's results and financial positions.

Employee and Remuneration Policies

As at 31 December 2014, the Group employed approximately 891 full time staff in the PRC and Hong Kong (2013: 1,131). 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.

Subsequent Event

With reference to the announcement dated 2 January 2015 and the circular dated 6 February 2015 (Unless otherwise defined, capitalised terms used below shall bear the same meanings as defined in the said announcement and circular), pursuant to the terms of the Remaining US$15M Convertible Bonds, the Conversion Price of the Remaining US$15M Convertible Bonds will be adjusted if the Year-end-month Average Closing Price as quoted in the official daily quotation sheet of the Stock Exchange (or the equivalent) for all the Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place during the Year-end-month in any calendar year plus a premium of 15% thereof, is lower than the respective applicable Conversion Price of the Remaining US$15M Convertible Bonds then in force.

The Year-end-month Average Closing Price as quoted in the official daily quotation sheet of the Stock Exchange for all the Stock Exchange dealing days on which dealings in the Shares on the Stock Exchange took place during December, being the Year-end-month, in the year 2014 was approximately HK$0.1479 per Share, and such Year-end-month Average Closing Price plus a premium of 15% thereof is approximately HK$0.17 per Share and is lower than the applicable Conversion Price of HK$0.21 per Conversion Share currently in force.

Based on the Adjusted Conversion Price of HK$0.17 per Conversion Share and the aggregate principal amount of the Remaining US$15M Convertible Bonds of US$15,000,000, in the event that the Remaining US$15M Convertible Bonds are fully converted, a total of 683,823,529 Conversion Shares (as compared to 553,571,428 conversion shares based on the conversion price of HK$0.21) will be allotted and issued, representing approximately 11.24% of the existing issued share capital of the Company of 6,082,036,845 Shares as at the Latest Practicable Date of the circular published on 6 February 2015. Consequently, the total number of Conversion Shares to be issued under the Remaining US$15M Convertible Bonds will exceed the (i) general mandate granted to the Directors at the annual general meeting of the Company held on 31 May 2010; and (ii) the specific mandate granted by the Shareholders at the special general meeting dated 3 April 2014. As such, the Company seeked the Specific Mandate from its Independent Shareholders at the Special General Meeting which had been held on 2 March 2015 for the approval of the allotment and issue of 130,252,101 Additional Conversion Shares.

With reference to the announcement dated 2 January 2015, the resolutions in respect of adjustment of Conversion Price of the Remaining US$15M Convertible Bonds from HK$0.21 per conversion share to HK$0.17 per conversion share and the Specific Mandate for the allotment and issue of the Additional Conversion Shares had been duly passed by the Shareholders by way of poll during the Special General Meeting held on 2 March 2015.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 12 June 1999 with clear written terms of reference. For the year ended 31 December 2014 and as at the date of this announcement, the Audit Committee comprised three members, all of whom were independent non-Executive Directors and the composition of the Audit Committee was Ms. Leung Yin Fai (chairman of the Audit Committee), Mr. Leung Po Wing, Bowen Joseph *GBS, JP* and Mr. Zhou Chunsheng. Ms. Leung Yin Fai, the chairman of the Audit Committee is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia, Vietnam Association of Certified Public Accountants and the Association of Chartered Certified Accountants. None of the members is a partner or former partner of SHINEWING (HK) CPA Limited, the Company's external auditor.

The Audit Committee meets at least twice a year to review the annual and interim results and the accompanying auditor's reports, the accounting policies and practices adopted by the Company, and the financial and internal control systems of the Company.

The Audit Committee had reviewed the Group's audited consolidated financial statements for the year ended 31 December 2014 in conjunction with external auditors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2014, the Company has complied with the code provisions and recommended best practices of the Code except for the deviation as set out below. The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the Code.

The Company did not establish a nomination committee which constitutes a deviation from 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, among other matters, 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. Also, the shareholder could propose a person for election as a Director during the general meeting. The procedures for shareholders to elect a director has been published in the Company's and the Stock Exchange's websites.

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company and that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. It is also the responsibility of the Directors to ensure the timely publication of the financial statements of the Company. During the year, the management has provided sufficient explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before it for approval including the monthly updates on the Company's performance, position and prospects.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Model Code has been adopted as the code for Directors' securities transaction for the Company. After having made specific enquiry of all the Directors, each of the Directors confirmed that he had complied with the Model Code for the year ended 31 December 2014.

PUBLICATION OF DETAILED RESULTS

The 2014 Annual Report of the Company, which contains the detailed results and other information of the Company pursuant to Appendix 16 of the Listing Rules, will be despatched to shareholders and published on the Stock Exchange's website: http://www.hkex.com.hk and the Company's website http://www.northasiaresources.com within the prescribed period. This announcement can also be accessed on both Stock Exchange's and the Company's website.

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

Hong Kong, 26 March 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.