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 2015

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 2015 together with the comparative figures for the corresponding year in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	4	**63,923**	106,246
Cost of sales and services rendered		**(46,753)**	(56,642)
Gross profit		**17,170**	49,604
Other operating income	4	**5,128**	27,743
Selling and distribution expenses		**(4,574)**	(2,907)
Administrative and operating expenses		**(223,576)**	(230,452)
Change in fair value of derivative component of convertible loan notes		**(786,373)**	317,592
Loss on redemption of convertible loan notes		**(3,305)**	–
Gain on redemption of promissory notes		**2,398**	–
Impairment loss recognised in respect of mining rights		**(2,715,022)**	(709,204)
Impairment loss recognised in respect of goodwill		**(2,352)**	–
Impairment loss recognised in respect of property, plant and equipment		**(368,432)**	(74,776)
Finance costs	5	**(371,978)**	(477,771)
Loss before taxation	6	**(4,450,916)**	(1,100,171)
Income tax credit	7	**678,184**	177,040
Loss for the year		**(3,772,732)**	(923,131)
Attributable to:			
Owners of the Company		**(2,373,281)**	(452,508)
Non-controlling interests		**(1,399,451)**	(470,623)
		(3,772,732)	(923,131)
Loss per share	8		
Basic and diluted (HK$)		**(0.157)**	(0.122)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(3,772,732)**	(923,131)
Other comprehensive (expense) income for the year, net of tax		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(325,341)**	178,501
Other comprehensive (expense) income for the year, net of tax	**(325,341)**	178,501
Total comprehensive expenses for the year, net of tax	**(4,098,073)**	(744,630)
Total comprehensive expenses attributable to:		
Owners of the Company	**(2,512,320)**	(374,985)
Non-controlling interests	**(1,585,753)**	(369,645)
	(4,098,073)	(744,630)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**1,060,046**	1,293,296
Mining rights		**7,977,311**	11,399,038
Goodwill		**–**	–
Deposits paid for acquisition of property, plant and equipment		**42,668**	46,684
		9,080,025	12,739,018
Current assets			
Inventories		**5,530**	1,880
Trade and other receivables	*9*	**101,824**	82,777
Amount due from a related company		**9**	9
Amount due from a director		**–**	66
Derivative component of convertible loan notes		**–**	11,340
Bank balances and cash		**34,461**	40,632
		141,824	136,704
Current liabilities			
Trade and other payables	*10*	**832,010**	821,560
Amounts due to related companies		**321,448**	454,058
Amount due to a non-controlling interest holder		**2,745,260**	1,793,016
Other borrowings		**5,755**	37,755
Liabilities component of convertible loan notes		**121,587**	–
Derivative component of convertible loan notes		**356,225**	930,730
Promissory notes		**217,963**	–
Income tax liabilities		**6,947**	6,752
		4,607,195	4,043,871
Net current liabilities		**(4,465,371)**	(3,907,167)
Total assets less current liabilities		**4,614,654**	8,831,851

	2015	2014
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**206,634**	60,350
Convertible preference shares	**–**	19,887
Reserves	**(2,544,479)**	(3,071,653)
Equity attributable to owners of the Company	**(2,337,845)**	(2,991,416)
Non-controlling interests	**2,945,506**	4,531,259
Total equity	**607,661**	1,539,843
Non-current liabilities		
Amount due to a non-controlling interest holder	**975,196**	1,730,794
Provision for restoration, rehabilitation and environmental costs	**67,497**	67,933
Promissory notes	**–**	278,634
Liabilities component of convertible loan notes	**1,142,188**	2,587,386
Other borrowing	**31,284**	–
Deferred tax liability	**1,790,828**	2,627,261
	4,006,993	7,292,008
	4,614,654	8,831,851

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 addresses of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and principal place of business of the Company are Units 2001-2, 20/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. The directors of the Company consider HK$ is the appropriate presentation currency for the users of the Group's financial statements. The functional currency of the Company is changed from Renminbi ("RMB") to HK$ in the current year since the management determine that the Company is listed Hong Kong and its fund raising and treasury transactions are carried out in HK$. The functional currency of the Company's major subsidiaries are dominated in RMB.

The principal activity of the Company is investment holding and provision of finance and treasury service to the Group. During the year, the Group were principally involved in systems integration services and software solutions, 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 2015, the Group had net current liabilities of approximately HK$4,465,371,000 and the Group incurred a loss of approximately HK$3,772,732,000 for the year ended 31 December 2015. 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 the 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 2015 as the directors had taken into consideration of the following facts and circumstances:

i) As at 31 December 2015, included in the current liabilities of the Group was derivative component of convertible loan notes of approximately HK$356,225,000 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 and the early redemption option. 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) The subsequent net proceeds of approximately HK$374,800,000 arising from placing of 38,000,000,000 shares of the Company completed on 18 March 2016; and

iv) As at 31 December 2015, the Group had loan facilities in aggregate of RMB3,900,000,000 (equivalent to approximately HK$4,655,160,000 as at 31 December 2015) provided from a non-controlling interest holder of a subsidiary of the Group (the "Non-controlling Interest Holder") of which, RMB3,116,924,000 (equivalent to approximately HK$3,720,456,000 as at 31 December 2015) is in use by the Group as at 31 December 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.

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") AND NEW HONG KONG COMPANIES ORDINANCE

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these 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 indicators 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.

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 consider that the application of the amendments to HKFRSs 2010-2012 Cycle has had no material impact in 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 amendments are applied prospectively. The directors of the Company consider that the application of the amendments to HKFRSs 2011-2013 Cycle has had no material impact in the Group's consolidated financial statements.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the 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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendment to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective date not yet been determined.

The directors of the Company anticipate that, the application of the new and revised HKFRSs 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

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

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

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 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 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 performs 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 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.

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:

Systems integration services and software solutions	–	Provision of information technology products, systems integration, technology service, software development, internet service, software solution engineering and maintenance services
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.

	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*
For the year ended 31 December								
TURNOVER								
Sales to external customers	**58,333**	56,091	**5,590**	44,644	**–**	5,511	**63,923**	106,246
RESULTS								
Segment loss	**(5,638)**	(3,703)	**(3,209,553)**	(920,652)	**(2,071)**	(218)	**(3,217,262)**	(924,573)
Unallocated income							**491**	317,825
Unallocated expenses							**(862,167)**	(15,652)
Finance costs							**(371,978)**	(477,771)
Loss before taxation							**(4,450,916)**	(1,100,171)

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, loss on redemption of convertible loan notes, gain on redemption of promissory notes, 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

	2015	2014
	HK$'000	*HK$'000*
Systems integration services and software solutions	**44,970**	28,294
Mining operation	**9,142,300**	12,787,897
Coal operation	**75**	3,944
Total segment assets	**9,187,345**	12,820,135
Unallocated	**34,504**	55,587
Consolidated assets	**9,221,849**	12,875,722

Segment liabilities

	2015	2014
	HK$'000	*HK$'000*
Systems integration services and software solutions	**48,482**	40,107
Mining operation	**4,834,080**	4,561,148
Coal operation	**54,401**	239,037
Total segment liabilities	**4,936,963**	4,840,292
Unallocated	**3,677,225**	6,495,587
Consolidated liabilities	**8,614,188**	11,335,879

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 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.

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**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Revenue from external customers	**–**	–	**63,923**	106,246	**63,923**	106,246
Non-current assets	**308**	496	**9,079,717**	12,738,522	**9,080,025**	12,739,018

Revenue from major products and services

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

	2015	2014
	HK$'000	*HK$'000*
Sale of automatic teller machines	**19,645**	30,074
Sale of coal	**–**	5,511
Sale of mining products	**5,590**	44,644
Rendering of computer technology services	**38,688**	26,017
	63,923	106,246

Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Customer A[1]	**8,557**	20,189
Customer B[2]	**N/A**[2]	18,718

1 Revenue from systems integration services and software solutions products.

2 The corresponding revenue, from mining operation, did not contribute over 10% of the total revenue of the Group.

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:

	2015	2014
	HK$'000	*HK$'000*
Turnover		
Sale of goods	**25,235**	80,229
Rendering of services	**38,688**	26,017
	63,923	106,246
Other operating income		
Gain on disposal of property, plant and equipment	**2,660**	508
Interest income	**242**	158
Net foreign exchange gains	**1,272**	197
Written back of provision for litigation	**–**	16,073
Recovery of other receivables previously written off	**35**	10,266
Sundry income	**3**	2
Gain on settlement of interest payable	**477**	–
Government grant	**439**	539
	5,128	27,743

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expenses on convertible loan notes	**192,970**	292,990
– promissory notes	**29,798**	31,298
– other borrowings	**2,346**	1,920
– amount due to a related company	**791**	53
– amount due to a non-controlling interest holder	**314,848**	299,309
Total borrowing costs	**540,753**	625,570
Less: amounts capitalised in construction in progress	**(172,563)**	(151,621)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**3,788**	3,822
	371,978	477,771

6. LOSS BEFORE TAXATION

	2015	2014
	HK$'000	*HK$'000*
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**1,371**	1,872
Amounts of inventories recognised as expense	**17,406**	35,157
Depreciation	**47,383**	57,850
Directors' and chief executive's emoluments	**23,973**	3,233
Exchange gain, net	**(1,272)**	(197)
Impairment loss recognised in respect of trade receivables	**1,859**	9,336
Recovery of other receivables previously written off	**(35)**	–
Gain on disposal of property, plant and equipment	**(2,660)**	(508)
Payments under operating leases in respect of land and buildings	**12,641**	11,072
Staff costs (excluding directors' and chief executive's emoluments)	**102,185**	104,865

7. INCOME TAX CREDIT

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax (the "EIT")	**572**	261
Deferred tax		
Current year	**(678,756)**	(177,301)
Income tax credit	**(678,184)**	(177,040)

(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 is 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:

	2015	2014
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(2,373,281)**	(452,508)

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**15,090,139,513**	3,711,018,433

For the year ended 31 December 2015, the computation of diluted loss per share does not assume the conversion of the convertible loan notes and convertible preference shares since their exercise would result in a decrease in loss per share. The computation of diluted loss per share does not assume the exercise of the Company's share options as the excercise price of the share options is higher than the average market price for shares.

For the year ended 31 December 2014, the computation of diluted loss per share does not assume the conversion of the convertible loan notes and 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

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**51,020**	46,724
Less: Allowance for impairment of trade receivables	**(23,591)**	(22,744)
	27,429	23,980
Prepayments, deposits and other receivables	**74,395**	58,797
Total trade and other receivables	**101,824**	82,777

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:

	2015 *HK$'000*	2014 *HK$'000*
Within 90 days	**7,704**	4,528
91 days to 180 days	**7,460**	5,518
181 days to 365 days	**6,669**	6,564
Over 365 days	**5,596**	7,370
	27,429	23,980

10. TRADE AND OTHER PAYABLES

	2015 *HK$'000*	2014 *HK$'000*
Trade payables		
– third parties	**6,145**	6,515
– a non-controlling interest holder	**325**	325
	6,470	6,840
Receipts in advance	**43,963**	13,743
Accrued staff costs	**54,518**	52,690
Other taxes payable	**3,689**	18,912
Accrued interests	**–**	3,051
Considerations for acquisition of subsidiaries	**381,784**	400,990
Payables for construction works and purchase of machineries	**291,958**	280,126
Accrued expenses and other payables	**49,628**	45,208
	832,010	821,560

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

	2015 *HK$'000*	2014 *HK$'000*
Within 90 days	**2,264**	400
91 days to 180 days	**43**	2,585
181 days to 365 days	**1,143**	3,183
Over 365 days	**3,020**	672
	6,470	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.

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's leases certain of its office premises and staff quarters under operating lease arrangements. Leases for properties are negotiated for a term ranging from two months to three years and rentals 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:

	2015	2014
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**10,833**	6,026
In the second to fifth year inclusive	**8,942**	4,810
	19,775	10,836

(b) Other capital commitments

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for in respect of:		
– acquisition of property, plant and equipment	**328,555**	315,925

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$4,465,371,000 as at 31 December 2015 and incurred a loss of approximately HK$3,772,732,000 for the year ended 31 December 2015. 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 iv)), 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 2015, the Group recorded a turnover of approximately HK$63,923,000 (2014: HK$106,246,000), which represented a decrease of approximately 39.8%. Due to the decrease in sales of coking coal, the turnover of mining segment is decreased. System integration services and software solutions segment also recorded increase in turnover due to increase in revenue from rendering computer technology services.

For the year ended 31 December 2015, the Group recorded gross profit of approximately HK$17,170,000 (2014: HK$49,604,000), which represented a decrease of approximately 65.4%. The decrease in gross profit was mainly caused by the decrease in sales of coking coal in year 2015.

The Group recorded a loss of approximately HK$3,772,732,000 as compared to a loss of approximately HK$923,131,000 last year, which was amounted to an increase of approximately HK$2,849,601,000. The increase in the loss for the year was mainly attributable to the impairment loss recognized in respect of the mining rights and property, plant and equipment and loss on change in fair value of derivative component of convertible loan notes. The impairment loss recognized in respect of mining rights and property, plant and equipment amounted to HK$3,083,454,000 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, an independent qualified professional valuer, estimated the fair value of the coal mining business based on the income approach using a discount rate of 15.84% (2014: 15.51%) and prevailing coal price of RMB680 per tonne (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 18 months as compared with 2014 due to the suspension of construction and development works of our mines. The commercial operation was further delayed because the Group received 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*), the Supplementary Provisions Notice dated 11 May 2015 from 古交市煤炭工業局 (Gujiao Municipality Coal Industry Bureau*) and the Basic Requirements Notice dated 29 January 2016 from Shanxi Provincial Coal Industry Office respectively. In order to comply with the aforesaid relevant notices and requirements by provincial and municipal regulatory authorities, the Group has established specific project team to conduct 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 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 the financial year ended 31 December 2015 leading to impairment loss. For the key change in assumptions and parameters in the valuation of Lexing Group as at 31 December 2015 and 31 December 2014 are set out as below:

Methodology	31 December 2015 Income Approach	31 December 2014 Income Approach	Remarks
Key Assumptions			
1. Production Schedule			
Bolong Mine			
Operation Starting Date	**Second quarter of 2017**	First quarter of 2016	Update based on latest mines' commercial operation schedule
Fuchang Mine			
Operation Starting Date	**Second quarter of 2017**	Third quarter of 2015	
Jinxin Mine			
Operation Starting Date	**Second quarter of 2017**	Third quarter of 2015	
Liaoyuan Mine			
Operation Starting Date	**Second quarter of 2017**	First quarter of 2016	
Xinfeng Mine			
Operation Starting Date	**Third quarter of 2017**	First quarter of 2016	
2. Coal Price	**RMB680**	RMB800	Drop in prevailing coal price
3. Discount Rate (Post-tax)	**15.84%**	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 year ended 31 December 2015 are set out as below.

Mine	**Date of acquisition by the Group**	**Mining right** *HK$'000*	**Property, plant and equipment** *HK$'000*
Bolong Mine	7 June 2013	980,680	111,824
Liaoyuan Mine	7 June 2013	483,352	80,697
Xinfeng Mine	7 June 2013	539,544	22,012
Fuchang Mine	7 June 2013	410,526	96,103
Jinxin Mine	7 June 2013	300,920	57,796
		2,715,022	368,432

The administrative and operating expenses for the year 2015 was approximately HK$223,576,000 (2014: HK$230,452,000) which represented a decrease of 3.0% when compared with the year 2014.

The finance cost for the year 2015 was approximately HK$371,978,000 (2014: 477,771,000) which represented an decrease of 22.1% when compared with the year 2014. The decrease in finance costs was mainly due to decrease in effective interests incurred for convertible loan notes.

FINAL DIVIDEND

Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

BUSINESS REVIEW

Overview

During the year 2015, the Company has been working diligently 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, 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.

In December 2015, we acquired a new information technology subsidiary 江西金創信息技術有限公司(Jiang Xi Jin Chuang Information Technology Limited*) which engaged in sales of IT products, system integration, software development, technology service and comprehensive solution.

Reduction of debts

During the year 2015, convertible loan notes of the Company in the aggregate amount of approximately HK$1,744.6 million (comprising USD15 million of 2010 Convertible Loan Notes A, HK$1,593.5 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, 9,373,520,285 shares, 88,064,516 shares and 25,161,290 shares of the Company respectively. The Company had further reduced the debts of HK$239.3 million by redemption of convertible bonds, promissory notes and repayments of debts in year of 2015. Due to the conversion of convertible bonds and settlement of debts, the debt burden of the Company has been lightened and the future interest 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) as intended.

Also, as disclosed in the announcements of the Company dated 26 June 2015 and 16 July 2015, the Company entered into another 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 have been used for general working capital (including settlement of interest expenses and reduction of debts) and/or for future investments of the Group as intended.

As disclosed in announcements dated 3 December 2015 and 15 January 2016 and circular dated 31 December 2015 and supplemental circular dated 20 January 2016 of the Company, the Company entered into the placing agreement dated 3 December 2015 (as amended and supplemented by a supplemental placing agreement dated 23 December 2015 and supplemental placing letter dated 15 January 2016) with a placing agent pursuant to which the placing agent, as agent of the Company, agrees to procure on a best effort basis not less than six placees, who will be independent third party, to subscribe for the placing shares, being up-to 38,000,000,000 shares at the placing price of HK$0.01 per placing share. The closing price per share on 27 November 2015, being the last trading date prior to the entering into of the placing agreement, was HK$0.061. The placing was completed on 18 March 2016 and the allotment and issue of 38,000,000,000 shares to more than six placees, who and whose ultimate beneficial owners are independent third party, at the price of HK$0.01. Net proceeds from the placing are approximately HK$374.8 million. The net proceeds of HK$364.0 million from the placing are used to redeem the 2016 Convertible Bonds due to mature on 23 June 2016 and the 2016 Promissory Notes due to mature on 23 June 2016 and 2 July 2016 respectively and settle the related interest expenses of the Group. The balance of the net proceeds from the Placing of approximately HK$10.8 million are intended to be used for general working capital of the Group.

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 year 2015. 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, Gujiao Municipality Coal Industry Bureau issued a notification to the Group in connection with suspension of construction and development works and rectification scheme. Also, 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》(Notification of Commencement of Comprehensive Checks for Safe Coal Production in Shanxi Province*, the Safe Production Checks Notice") dated 30 April 2015 from Shanxi Provincial Coal Industry Office and Shanxi Administration Bureau of Coal Mine Safety and 《關於進一步加强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 Supplementary Provisions Notice, stipulates the requirement for further implementation of prevention measures against coal mine flooding in Gujiao Municipality. The Safe Production Checks Notice requires specific checks on coal mine flooding and gas leakage, electrical and mechanical systems and construction procedures. According to the requirement of these notices, the Group has established a specific project team responsible for self-check and self-rectification, the rectification planning and the implementation of the rectification measures. During the year, the Group has implemented rectification scheme on further exploration work on the hydrological and geological conditions, staff training, construction team management and emergency team management required by Gujiao Municipality Coal Industry Bureau. Also, the checks and rectification measures required by the notices on electrical and mechanical systems and construction procedures are basically completed. The implementation on the checks and rectification measures required by the notices for coal mine flooding and gas prevention of our five mines are still in progress. On 29 January 2016, Shanxi Provincial Coal Industry Office issued《山西省煤礦復產復建驗收基本條件的通知》(Notification of Basic Requirements on Inspection for Resumption of Production and Construction for Coal Mine in Shanxi Province*), (the "Basic Requirements Notice"). The Basic Requirements Notice provided further requirements by relevant authority in inspection of resumption of production and construction. Our specific project team is now following up with the relevant authority from Taiyuan Municipality and Gujiao Municipality on further detailed execution requirements. The management of the Group estimated that the checks and rectification measures required by the notices are expected to be completed in the middle of 2016. After the completion of rectification measures required by the notices, we shall be entitled to apply for inspection on rectification measures to relevant authorities. After inspection by relevant authorities on rectification measures, we shall be entitled to apply for resumption of the construction and development works of our mines.

Due to the uncertainty on timing of completion of rectification measures and inspection on rectification measures by relevant authorities, under the best estimation of the management of the Group, the schedule of the respective mines are set out below:

	Expected completion date of the reconstruction and improvement works	Expected date of the commencement of commercial operation
Liaoyuen Mine	31 January 2017	31 May 2017
Jinxin Mine (*Note)*	31 December 2016	30 April 2017
Xinfeng Mine	28 February 2017	30 June 2017
Bolong Mine	31 January 2017	31 May 2017
Fuchang Mine *(Note)*	31 December 2016	30 April 2017

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 resuming the construction and development work of the Group's mining sites located in Shanxi Province as soon as possible. We will keep Shareholders updated for the development as and when appropriate. Summary of expenditure incurred for the year ended 31 December 2015 for the mines' development and improvement works are set out below:

			Mines		
Expenditures *(HK$ in million)*	**Liaoyuen Mine**	**Jinxin Mine**	**Xinfeng Mine**	**Bolong Mine**	**Fuchang Mine**
Exploration	8.9	–	–	0.1	–
Construction	6.7	–	–	1.3	6.3
Equipment and installation	–	–	–	1.2	18.5
Total	15.6	–	–	2.6	24.8

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 year.

For the details of historical development activities of our five mines and their latest status, please refer to our 2014 and 2015 Annual Report.

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 2015 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 2015:

	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 2015 Annual Report which will be despatched before the end of April 2016.

System Integration Services and Software Solutions

The turnover and gross profit margin for the year 2015 increased in comparison to the year 2014 mainly due to the increase in revenue from rendering of computer technology services. However, the cost of sales also decreased mainly due to the decrease in sales of ATMs. Loss for the year was increased mainly due to impairment loss recognised in respect of goodwill. In the year 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 year. During the year, we continuously maintained costs and provided high quality maintenance services to our clients in order to increase their loyalty. Our system integration services and software solutions 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 current year, we successful obtained orders from postage offices for our maintenance services on postage machines.

In December 2015, we acquired a wholly-owned information technology subsidiary, Jiang Xi Jin Chuang Information Technology Limited which engaged in sales of IT products, system integration, software development, technology service and comprehensive solution. During the year, the new subsidiary contributes revenue of HK$4,184,000 to our Group.

In the 2016, we will (i) promote our products and services to our existing and new clients to increase our sales, (ii) keep enhancing our internal control, (iii) strive to control costs; and (iv) strictly control expenses.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

OUTLOOK

The PRC economy is in the process of transformation and the impact of information technology is particularly notable on economic development. After promulgation of the "Internet+" action plan at the beginning of the year 2015, the State Council further issued the Guidance Opinions on "Internet+" Actions in July 2015, which proposed a specific scope that required in-depth integration between information technology, represented by "Internet+", and various economic and social sectors in order to promote technological advancement, enhance innovative capabilities and productivity of the actual economy and aimed to establish an initial new form of "Internet+" economy by the year 2025. Under this policy direction, the information technology industry is facing enormous development opportunities. With the macro development trend of "Internet+", the Group will continue to strengthen our system integration services and software solutions business in order to enhance our competitiveness and further explore opportunities for expansion of our products and services chain in preparation for greater room for growth in the future.

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.

LIQUIDITY AND FINANCIAL RESOURCES

Net Assets

As at 31 December 2015, the Group recorded total assets of approximately HK$9,221,849,000 (2014: HK$12,875,722,000), which financed by total liabilities of approximately HK$8,614,188,000 (2014: HK$11,335,879,000) and total equity of approximately HK$607,661,000 (2014: HK$1,539,843,000). The Group's net assets value as at 31 December 2015 was decreased by 60.5% to HK$607,661,000 as compared to approximately HK$1,539,843,000 as at 31 December 2014.

Gearing

As at 31 December 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 2.50 as compared to approximately 1.89 as at 31 December 2014.

Liquidity

The Group had total cash and bank balances of approximately HK$34,461,000 as at 31 December 2015 (2014: HK$40,632,000). 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 and Sales Group Co., Ltd., the management considers that the Company will be able to finance its working capital requirement.

Funding raising activities – Placing

As mentioned in the section of Business Review, the Company entered into a placing and underwriting agreement with the underwriter on 9 April 2015 and completed to allot and issue all 472,205,000 shares at the placing price of HK$0.18 per placing share on 17 April 2015. 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) as intended. The summary of use of proceeds from the placing is set out as below:

	HK$ in million
Net proceeds from the placing	83.8
Less: Settlement of interest	(23.7)
Reduction of debt	(39.5)
Operating expenses	(20.6)
Balance as at 31 December 2015	0

As mentioned in the section of Business Review, the Company entered into another placing agreement with a placing agent and completed on 16 July 2015 the allotment and issue of 1,762,300,000 shares at the placing price of HK$0.145 per share. The net proceeds from the placing are approximately HK$252.9 million and have been used for general working capital (including settlement of interest expenses and reduction of debts) and/or for future investments of the Group as intended. The summary of use of proceeds from the placing is set out as below:

	HK$ in million
Net proceeds from the placing	252.9
Less: Settlement of interest	(14.8)
Reduction of debt	(203.3)
Investment	(2.4)
Operating expenses	(21.2)
Balance as at 31 December 2015	11.2

For details, please refer to Business Review section.

Charge on assets

As at 31 December 2015, a share charge has been created over entire issued shares of Topasia Computer Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company to the Lender. For details of Supplemental Loan Agreement, the Share Charge and the Capitalisation Agreement, please refer to the announcement dated 13 July 2015.

There was no asset pledged as at 31 December 2014.

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 2015 (2014: 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 2015 of approximately HK$328,555,000 (2014: HK$315,925,000).

Foreign Exchange Exposure

For the year ended 31 December 2015, 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 2015, the Group employed approximately 1,012 (2014: 891) full time staff in the PRC and Hong Kong. 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 events

As disclosed in announcements dated 3 December 2015 and 15 January 2016 and circular dated 31 December 2015 and supplemental circular dated 20 January 2016 of the Company, the Company entered into the placing agreement dated 3 December 2015 (as amended and supplemented by a supplemental placing agreement dated 23 December 2015 and supplemental placing letter dated 15 January 2016) with the placing agent pursuant to which the placing agent, as agent of the Company, agrees to procure on a best effort basis not less than six placees, who will be independent third party, to subscribe for the placing shares, being up to 38,000,000,000 shares at the placing price of HK$0.01 per placing share. The Placing was completed on 18 March 2016 and the allotment and issue of 38,000,000,000 shares to more than six placees, who and whose ultimate beneficial owners are independent third party.

Please refer to Business Review section for details.

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 which has been revised on 14 December 2015 and in effect from 1 January 2016. For the year ended 31 December 2015 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, 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, risk management 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 2015 in conjunction with external auditors.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2015, the Company has complied with the code provisions and recommended best practices of the Corporate Governance Code and Corporate Governance Report (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchang (the "Listing Rules"). The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the Code.

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 for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules 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 2015.

PUBLICATION OF DETAILED RESULTS

The 2015 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 the 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, 21 March 2016

As at the date of this announcement, Mr. Zhang Sanhuo and Mr. Huang Boqi 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.

* *For identification purposes only*