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NORTH ASIA RESOURCES HOLDINGS LIMITED
北亞資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 61)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of North Asia Resources Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015. The condensed consolidated interim financial information has not been audited but has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	**Six months ended 30 June** **2016** ***HK$'000*** **(Unaudited)**	2015 *HK$'000* (Unaudited)
Turnover	*3*	**98,598**	21,985
Cost of sales and services rendered		**(77,121)**	(14,744)
Gross profit		**21,477**	7,241
Other operating income		**10,802**	6,792
Selling and distribution expenses		**(1,818)**	(1,615)
Administrative and operating expenses		**(67,017)**	(85,089)
Change in fair value of derivative component of convertible loan notes		**26,298**	(824,196)
Loss on early redemption of convertible loan notes		**(18,270)**	–
Loss on early redemption of promissory notes		**(126)**	–
Impairment loss recognised in respect of mining rights		**(338,896)**	(1,098,110)
Impairment loss recognised in respect of property, plant and equipment		**(51,704)**	(169,073)
Finance costs	*4*	**(122,832)**	(271,977)
Loss before taxation		**(542,086)**	(2,436,027)
Income tax credit	*5*	**84,601**	274,362
Loss for the period	*6*	**(457,485)**	(2,161,665)
Attributable to:			
Owners of the Company		**(245,253)**	(1,515,821)
Non-controlling interests		**(212,232)**	(645,844)
		(457,485)	(2,161,665)
Loss per share			
Basic and diluted *(HK cents)*	*8*	**(0.58)**	(14.63)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(457,485)**	(2,161,665)
Other comprehensive income for the period, net of tax		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**(11,146)**	–
Total comprehensive expenses for the period, net of tax	**(468,631)**	(2,161,665)
Total comprehensive expenses for the period attributable to:		
Owners of the Company	**(248,693)**	(1,515,821)
Non-controlling interests	**(219,938)**	(645,844)
	(468,631)	(2,161,665)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016** *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,140,702**	1,060,046
Mining rights		**7,599,754**	7,977,311
Deposits paid for acquisition of property, plant and equipment		**58,184**	42,668
		8,798,640	9,080,025
Current assets			
Inventories		**5,192**	5,530
Trade and other receivables	*9*	**134,732**	101,824
Amount due from a related company		**425**	9
Bank balances and cash		**33,796**	34,461
		174,145	141,824
Current liabilities			
Trade and other payables	*10*	**878,376**	832,010
Amounts due to related companies		**317,936**	321,448
Amount due to a non-controlling interest holder		**3,838,687**	2,745,260
Other borrowings		**5,755**	5,755
Promissory notes		**–**	217,963
Liabilities component of convertible loan notes		**–**	121,587
Derivative component of convertible loan notes		**329,927**	356,225
Income tax liabilities		**6,560**	6,947
		5,377,241	4,607,195
Net current liabilities		**(5,203,096)**	(4,465,371)
Total assets less current liabilities		**3,595,544**	4,614,654

	30 June 2016 *HK$'000* (Unaudited)	31 December 2015 *HK$'000* (Audited)
Capital and reserves		
Share capital	**586,634**	206,634
Reserves	**(2,785,480)**	(2,544,479)
Equity attributable to owners of the Company	**(2,198,846)**	(2,337,845)
Non-controlling interests	**2,725,568**	2,945,506
Total equity	**526,722**	607,661
Non-current liabilities		
Amount due to a non-controlling interest holder	**71,271**	975,196
Provision for restoration, rehabilitation and environmental costs	**69,165**	67,497
Liabilities component of convertible loan notes	**1,198,225**	1,142,188
Other borrowing	**32,734**	31,284
Deferred tax liability	**1,697,427**	1,790,828
	3,068,822	4,006,993
	3,595,544	4,614,654

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

1. GENERAL

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

The principal activity of the Company is investment holding and provision of finance and treasury service to the Group. During the period, the Group were principally involved in system integration services and software solutions, geological survey, exploration and development of coal deposits (mining operation) and sales of coking coal.

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

Basis of preparation of the condensed consolidated interim financial information

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

As at 30 June 2016, the Group had net current liabilities of approximately HK$5,203,096,000. The condition indicates the existence of a material uncertainty which may cast significant doubt and the Group incurred a loss of approximately HK$457,485,000 for the six months ended 30 June 2016. 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 are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2016 as the Directors had taken into consideration of the following facts and circumstances:

i) as at 30 June 2016, included in the current liabilities of the Group was derivative components of convertible loan notes of approximately HK$329,927,000 which represented options to entitle the holders to convert the convertible loan notes into ordinary shares of the Company before the maturity dates of the convertible loan notes. Such derivative components of convertible loan notes shall not result in any cash outflow for the Group;

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

iii) as at 30 June 2016, the Group had loan facilities in aggregate of RMB3,900,000,000 (equivalent to approximately HK$4,632,599,000 as at 30 June 2016) provided from a non-controlling interest holder of a subsidiary of the Group (the "Non-controlling Interest Holder") of which, RMB3,291,637,000 (equivalent to approximately HK$3,909,958,000 as at 30 June 2016) is in use by the Group as at 30 June 2016. The Directors 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 are of the opinion that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis. If adequate finance is not available, the Group may be unable to meet its obligations as and when they fall due in the foreseeable future. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the condensed consolidated interim financial information.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

The Group has not early adopted new or revised HKFRSs, interpretation and amendments (hereinafter collectively referred to as the "New HKFRSs") that have been issued but are not yet effective as at 30 June 2016. The Directors anticipate that the adoption of the New HKFRSs will have no material impact on the condensed consolidated interim financial information.

Annual Improvements 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 obligations located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

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 contains 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 application of Amendments to HKAS 1 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

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

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

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

(ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

As the Group uses straight-line method for depreciation of property, plant and equipment, the application of Amendments to HKAS 16 and HKAS 38 has had no material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

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

System 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

Segment 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	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
For the six months ended 30 June								
TURNOVER								
Sales to external customers	**62,122**	16,271	**36,476**	5,714	**–**	–	**98,598**	21,985
RESULTS								
Segment results	**3,963**	(5,139)	**(410,556)**	(1,310,084)	**(62)**	(92)	**(406,655)**	(1,315,315)
Unallocated income							**1,713**	219
Unallocated expenses							**(14,312)**	(848,954)
Finance costs							**(122,832)**	(271,977)
Loss before taxation							**(542,086)**	(2,436,027)

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

Segment assets and liabilities

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

Segment assets

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Systems integration services and software solutions	**70,564**	44,970
Mining operation	**8,864,744**	9,142,300
Coal operation	**75**	75
Total segment assets	**8,935,383**	9,187,345
Unallocated	**37,402**	34,504
Consolidated assets	**8,972,785**	9,221,849

Segment liabilities

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Systems integration services and software solutions	**75,107**	48,482
Mining operation	**5,037,955**	4,834,080
Coal operation	**54,401**	54,401
Total segment liabilities	**5,167,463**	4,936,963
Unallocated	**3,278,600**	3,677,225
Consolidated liabilities	**8,446,063**	8,614,188

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

– all assets are allocated to reportable segments other than certain property, plant and equipment, certain prepayments, deposits and other receivables, 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.

4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expense on convertible loan notes	**61,396**	116,735
– promissory notes	**5,598**	16,194
– other borrowings	**1,512**	952
– amount due to a related company	**–**	776
– amount due to a non-controlling interest holder	**172,176**	303,976
Total borrowing costs	**240,682**	438,633
Less: amounts capitalised in construction in progress	**(119,846)**	(168,686)
Imputed interest for provision for restoration, rehabilitation and environmental costs	**1,996**	2,030
	122,832	271,977

5. INCOME TAX

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
People's Republic of China (the "PRC") Enterprise Income Tax		
– current	**123**	166
Deferred tax	**(84,724)**	(274,528)
	(84,601)	(274,362)

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

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

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

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Costs of inventories sold	**70,922**	4,865
Depreciation of property, plant and equipment	**17,876**	25,552
Impairment loss recognised in respect of mining rights	**338,896**	1,098,110
Impairment loss recognised in respect of property, plant and equipment	**51,704**	169,073

7. DIVIDENDS

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

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(245,253)**	(1,515,821)

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**42,586,440,330**	10,360,392,765

9. TRADE AND OTHER RECEIVABLES

The Group does not hold any collateral over these balances.

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

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**38,089**	7,704
91 days to 180 days	**7,597**	7,460
181 days to 365 days	**4,911**	6,669
Over 365 days	**7,488**	5,596
	58,085	27,429
Bills receivables	**9,408**	–
Prepayments, deposits and other receivables	**67,239**	74,395
Total trade and other receivables	**134,732**	101,824

10. TRADE AND OTHER PAYABLES

	30 June 2016	31 December 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**30,089**	6,145
– a non-controlling interest holder	**325**	325
	30,414	6,470
Receipts in advance	**78,019**	43,963
Accrued staff costs	**44,275**	54,518
Other taxes payable	**51**	3,689
Consideration for the acquisition of subsidiaries	**369,226**	381,784
Payables for construction works and purchase of machineries	**293,314**	291,958
Accrued expenses and other payables	**63,077**	49,628
Total trade and other payables	**878,376**	832,010

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

	30 June 2016 *HK$'000* **(Unaudited)**	31 December 2015 *HK$'000* (Audited)
Within 90 days	**24,308**	2,264
91 days to 180 days	**1,830**	43
181 days to 365 days	**1,270**	1,143
Over 365 days	**3,006**	3,020
	30,414	6,470

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the period under review, the Company has been working diligently towards (i) developing our system integration and software solution business; (ii) fund raising for the operation of business; (iii) the reduction of debts; 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.

Developing System Integration and Software Solution Business

In the first half of 2016, the Group put a lot of resources into our System Integration and Software Solution Business to promote our products and services to our existing and new customers. As a result, the sales of System Integration and Software Solution Business recorded significant growth of 281.8% in comparison to the same period in last year.

Fund raising for operation of business

As disclosed in (i) announcements dated 3 December 2015 and 15 January 2016; (ii) circular dated 31 December 2015; and (iii) supplemental circular dated 20 January 2016 of the Company respectively, 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 the 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 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$363.9 million from the placing were used to redeem the 2013 Convertible Loan Notes B, Promissory Notes B and Promissory Notes C due to mature on 23 June 2016 and 2 July 2016 respectively, and to settle the related interest of the Group. The balances of net proceeds from the Placing of approximately HK$10.9 million are intended to be used for general working capital of the Group.

Reduction of debts

On 18 March 2016, convertible loan notes and promissory notes of the Company in aggregate amount of HK$341.6 million were comprising the remaining principal amount of the 2013 Convertible Loan Notes B of US$16,500,000, the remaining principal amount of Promissory Notes B of US$20,500,000 and the remaining principal amount of Promissory Notes C of US$7,000,000.

After redemption of the abovesaid convertible loan notes and promissory notes, the debt burden of the Company had been lightened and the future interest expenses would be lessened.

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

During the period, the Group is tackling the requirements in notices from government authorities for the resumption of construction and development works of the Group's mining sites located in Shanxi Province.

Details are stated in the Coal Mining section below.

Coal Mining

As disclosed in the announcements of the Company in year 2015, our coal mines in Shanxi Province had been suspended for implementation of safety requirements for coal mine requested by several notices issued by relevant government authorities in Shanxi Province.

On 29 January 2016, 山西省煤炭工業廳 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* which provided further requirements by relevant authority in inspection of resumption of production and construction.

On 5 April 2016, Shanxi Coal Industry Office issued 《關於全省煤礦依法合規嚴格按照新確定生產能力組織生產的通知》Notification of the Strictly Compliance with New Production Capacity for Coal Mines in Shanxi Province* (the "New Production Capacity Notice") which required all coal mines in Shanxi Province principally are not allowed to arrange production activities in public holiday and Sunday and their working days must not exceed 276 days in the year.

On 25 May 2016, Shanxi Provincial Coal Industry Office* and 山西煤礦安全監察局 Shanxi Administration Bureau of Coal Mine Safety* issued《關於印發山西省進一步強化煤礦重大災害防治有效防范重特大事故工作方案的通知》Notification of Effective Further Prevention for Significant Disaster in Shanxi Province* which requires specific check on prevention measures on gas leakage, coal mine flooding, fire, land pressure, hoisting transportation, roof collapse, grime.

During the period, the Group basically completed rectification measures required by the relevant authorities in year 2015 and January 2016. The relevant authorities are in the progress on inspection of these rectification measures. The Group is following up the requirements by each notification issued by the relevant authorities on execution for the safe production procedure.

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.

* *For identification purpose only*

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 commencement of commercial operation**
Liaoyuan Mine	31 January 2017	31 May 2017
Jinxin Mine	31 December 2016	30 April 2017
Xinfeng Mine	28 February 2017	30 June 2017
Bolong Mine	31 January 2017	31 May 2017
Fuchang Mine	31 December 2016	30 April 2017

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

Summary of expenditure incurred for the six months ended 30 June 2016 for the mines' development and improvement works are set out below:

			Mines		
Expenditures *(HK$ in million)*	**Liaoyuan Mine**	**Jinxin Mine**	**Xinfeng Mine**	**Bolong Mine**	**Fuchang Mine**
Exploration	17.3	–	–	0.1	–
Construction	–	–	–	–	–
Equipment and Installation	0.7	–	–	–	3.3
Total	18.0	–	–	0.1	3.3

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

Systems Integration Services and Software Solutions

The PRC government's continuous promotion in "Internet+" and strong encouragement in applying huge data analysis in different areas has brought great prospects to our System Integration and Software Business. The Group seized the policies opportunities and successfully promoted our IT products and service to our customers.

As a result, the turnover for the first half of 2016 significantly increased in comparison to the same period last year mainly due to increase in revenue from our system integration services. At the same time, the gross profit margin was improved as result of increase in revenue from rendering of computer technology services and software.

In the second half of 2016, it is expected economic environment continue to be challenging and we will (i) promote our products and services to our existing and new clients to increase our sales; keep enhancing our internal control, (ii) strive to control costs; and (iii) strictly control expenses.

OUTLOOK

China marches into the first year of the thirteenth Five-Year-Plan (the "13th Five Year Plan") in 2016. The important goals of the 13th Five Year Plan include keeping medium-high economic growth, steady enhancement in citizens' living standard, overall improvement in ecology and environment. To achieve these goals, the 13th Five Year Plan proposed innovation, coordination, green, open and sharing as essential development concepts. Information technology is the key means to accomplish these concepts. The 13th Five Year Plan bring great opportunities to the Group.

On 1 February 2016, the State Council issued《關於煤炭行業化解過剩產能實現脱困發展意見》Guideline to Resolve Overcapacity and Difficulty of Development in Coal Industry*, (the "Guideline"). China will compress coal production capacity more substantially and reduce numbers of coal mines moderately in next three to five years according to the Guideline. In response to the series of strategies made by the Central Government and the State Council, the Communist party and the Government of Shanxi Province issued 《山西省煤炭供給側結構性改革實施意見》 Guideline on the Coal Supply Side Structural Reform in Shanxi Province* on 24 April 2016. According to the principle of Guideline on the Coal Supply Side Structural Reform in Shanxi Province, the relevant authorities issued the detailed rules and regulations on implementation. We anticipated the coal industry will encounter more rigorous market and supervision environment.

* *For identification purpose only*

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

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

FINANCIAL REVIEW

Review of Results

For the six months ended 30 June 2016, the Group recorded a turnover of approximately HK$98,598,000 (six months ended 30 June 2015: approximately HK$21,985,000), which represented an increase of approximately 348.5%. For the six months ended 30 June 2016, the gross profit of the Group was approximately HK$21,477,000 (six months ended 30 June 2015: approximately HK$7,241,000), which represented an increase of approximately 196.6%. The increase in turnover was mainly due to the increase in revenue from system integration services and software solutions segment and mining operation segment. The increase in turnover of mining operation segment was mainly due to a increase in sales of coking coal. The increase in gross profit was mainly due to the increase in turnover of the system integration services and software solutions segment and mining operation segment. The Group recorded a loss of approximately HK$457,485,000 as compared to a loss of approximately HK$2,161,665,000 for the same period last year which represented an decrease of approximately 78.8%. The decrease in the loss for the current period was mainly attributable to the decrease in (i) impairment loss recognized in respect of the mining rights and property, plant and equipment; (ii) loss on change in fair value of derivative component of convertible loan notes; and (iii) finance costs.

The impairment loss recognized in respect of mining rights and property, plant and equipment amounted to HK$390,600,000 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 net effect of decrease in fair value of mining operation by reducing working days of coal mines to 276 days every year under the New Production Capacity Notice and increase in fair value of mining operation by the rise 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 15.37% (31 December 2015: 15.84%) and prevailing coal price of RMB700 per tonne (31 December 2015: RMB680 per tonne) based on market information obtained from Shanxi. The major reason for the increase in coal price was due to the volatility of business cycle on coal market in the PRC.

Except for the reduction in working days of coal mines 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, subsidiaries of the Company, dated 31 December 2015. Apart from the reduction in working days of coal mines and rise in coal price, the Company is not aware of any other significant reason or change in circumstances during period ended 30 June 2016 leading to impairment loss.

For the key change in assumptions and parameters in the valuation of Lexing Group as at 30 June 2016 and 31 December 2015 are set out as below:

Methodology	**30 June 2016 Income Approach**	31 December 2015 Income Approach	**Remarks**
Key Assumptions			
1. Production Schedule			
Liayuan Mine			
Operation Starting Date	**Second quarter of 2017**	Second quarter of 2017	
Jinxin Mine			
Operation Starting Date	**Second quarter of 2017**	Second quarter of 2017	
Xinfeng Mine			
Operation Starting Date	**Third quarter of 2017**	Third quarter of 2017	
Bolong Mine			
Operation Starting Date	**Second quarter of 2017**	Second quarter of 2017	
Fuchang Mine			
Operation Starting Date	**Second quarter of 2017**	Second quarter of 2017	
2. Coal Price	**700**	680	Rise in prevailing coal price
3. Discount Rate (Post-tax)	**15.37%**	15.84%	
4. Working Days	**276**	330	

Note: As shown in the above table, the primary change in valuation assumption would be the reduction in working days of coal mines (which is dominant factor for the drop in valuation) and the rise in prevailing coal price. 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/(valuation gain) recognized in respect of mining rights and property, plant and equipment for period ended 30 June 2016 are set out as below.

Mine	**Date of acquisition by the Group**	**Mining right**	**Property, plant and equipment**
		HK$'000	*HK$'000*
Liaoyuan Mine	7 June 2013	34,447	6,764
Jinxin Mine	7 June 2013	10,316	2,243
Xinfeng Mine	7 June 2013	(10,034)	(550)
Bolong Mine	7 June 2013	278,645	36,577
Fuchang Mine	7 June 2013	25,522	6,670
Total		338,896	51,704

The administrative and operating expenses for the six months ended 30 June 2016 was HK$67,017,000 which represented a decrease of 21.2% when compared with the same period in the year 2015.

The decrease in finance costs was mainly due to decrease in loan interests incurred for the coal mine business from amount due to a non-controlling interest holder and decrease in interest expenses on convertible loan notes and promissory notes after the redemption on 2013 Convertible Loan Note B, Promissory Notes B and Promissory Notes C on 18 March 2016. The loss for the period will not affect the liquidity of the Group materially as the majority of the loss was non-cash in nature. Loss attributable to the owners of the Company for the six months ended 30 June 2016 amounted to approximately HK$245,253,000 (six months ended 30 June 2015: approximately HK$1,515,821,000), represented a decrease of approximately 83.8%. The decrease in loss attributable to the owners of the Company was mainly due to the decrease in impairment loss recognised in respect of the mining rights, and property, plant and equipment, loss on change in fair value of derivative component of convertible loan notes and finance costs. Loss per share for the first six months of the year 2016 were 0.58 HK cents compared to 14.63 HK cents for the same period in the year 2015. The decrease in loss per share were mainly attributable to significantly the decrease in the loss attributable to the owners of the Company for the six months ended 30 June 2016 compared with same period in year 2015.

GEARING

As at 30 June 2016, 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 2.35 as compared to approximately 2.50 as at 31 December 2015.

The decrease in the gearing ratio was mainly due to the issue of 38,000,000,000 ordinary shares during period under review.

LIQUIDITY

The Group had total cash and bank balances of approximately HK$33,796,000 as at 30 June 2016 (31 December 2015: approximately HK$34,461,000). The Group did not have any bank borrowings as at 30 June 2016 and 31 December 2015 respectively.

FUND RAISING ACTIVITY – PLACING

As mentioned in the section of Business Review, 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 and completed to allot and issue all 38,000,000,000 shares at the placing price of HK$0.01 per placing share on 18 March 2016. The net proceeds from the placing are approximately HK$374.8 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	374.8
Less: Settlement of interest	(22.3)
Reduction of debt	(341.6)
Operating expenses	(6.4)
Balance as at 30 June 2016	**4.5**

For details, please refer to Business Review section.

CHARGE ON ASSETS

As at 30 June 2016 and 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, please refer to our 2015 Annual Report.

TREASURY POLICIES

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

CONTINGENT LIABILITY AND CAPITAL COMMITMENTS

The Group had no material contingent liability as at 30 June 2016 and as at 31 December 2015. The Group had capital commitments for the acquisition of property, plant and equipment which were contracted but not provided for as at 30 June 2015 of approximately HK$342,051,000 (31 December 2015: HK$328,555,000).

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2016, the Group mainly earned revenue in RMB and incurred costs in HK$, RMB and USD. Although the Group currently does not have any foreign currency hedging policy, it does not foresee any significant currency exposure in the near future. However, any permanent or significant change in RMB against HK$, may have possible impact on the Group's results and financial positions.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed approximately 774 full time employees in Hong Kong and the PRC. The Group remunerates its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage and training programs and share option scheme.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2016, the Company has complied with the code provisions and where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code under Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with each of the Directors and all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2016.

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

Hong Kong, 26 August 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.