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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)

PROFIT WARNING AND UPDATE ON DEVELOPMENT OF SHANXI MINES OF THE GROUP

This announcement is made by North Asia Resources Holdings Limited (the “Company”, together with its subsidiaries as the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the information currently available to the Board, the Group’s net loss for the year ended 31 December 2015 is expected to increase by over 3 times as compared to that for the year ended 31 December 2014. The increase in loss during the year was mainly attributable to (i) increase in impairment loss recognised in respect of mining rights and property, plant and equipment; and (ii) change in fair value of the derivative component of the convertible loan notes issued by the Company. The main reason for the impairment loss recognised in respect of the mining rights and property, plant and equipment was due to the drop in coal price and the delay in commercial operations of relevant mines for the year ended 31 December 2015. It is expected that the loss will not affect the liquidity of the Group materially as the majority of the loss was non-cash in nature.

As the Group is still in the process of finalising its results for the year ended 31 December 2015, the information contained in this announcement is only based on a preliminary assessment of the information currently available to the management of the Company and such information has not been audited or reviewed by the Company’s auditor. The results of the Group for the year ended 31 December 2015 are expected to be released before the end of March 2016 in compliance with the Listing Rules. Shareholders of the Company and potential investors are advised to read the results announcement of the Company when it is published.

UPDATE ON DEVELOPMENT OF SHANXI MINES

As disclosed in the announcement of the Company dated 27 January 2015, 古交市煤炭工業局 (“Gujiao Municipality Coal Industry Bureau”) issued 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 山西省煤炭工業廳 (Shanxi Provincial Coal Industry Office*) and 山西煤礦安全監察局 (Shanxi Administration Bureau of Coal Mine Safety*) and 《關於進一步加強煤礦防治水補充規定的通知》 (Notice of Supplementary Provisions for Additional Efforts on Prevention of Coal Mine Flooding*, the “Supplementary Provisions Notice”) dated 11 May 2015 from Gujiao Municipality Coal Industry Bureau respectively. The 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 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.

Shareholders and potential investors are advised to exercise caution when dealing in the shares and securities of the Company.

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

Hong Kong, 9 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 purpose only*