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 2012

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 (the "Interim Financial Information") of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012 together with the comparative figures for the corresponding period in 2011. The Interim Financial Information has not been audited but has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	*3*	**39,153**	27,062
Cost of sales and services rendered		**(32,404)**	(21,896)
Gross profit		**6,749**	5,166
Other operating income		**678**	812
Selling and distribution expenses		**(1,797)**	(1,612)
Administrative expenses		**(26,460)**	(25,915)
Other operating expenses		**(127)**	–
Change in fair value of derivative component of convertible loan notes		**4,358**	12,587
Loss on amendment of terms of convertible loan notes		**(21,118)**	(24,166)
Impairment loss recognised in respect of mining rights		**(1,700)**	(129,300)
Finance costs	*4*	**(19,403)**	(36,461)
Loss before taxation		**(58,820)**	(198,889)
Income tax	*5*	**(124)**	12,848
Loss for the period	*6*	**(58,944)**	(186,041)
Attributable to:			
Owners of the Company		**(58,505)**	(185,827)
Non-controlling interests		**(439)**	(214)
		(58,944)	(186,041)
Loss per share			
– Basic and diluted *(HK cents)*	*8*	**(5.14)**	(21.67)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(58,944)**	(186,041)
Other comprehensive (expense) income		
Exchange differences on translation of foreign operations	**(371)**	65
Other comprehensive (expense) income for the period, net of tax	**(371)**	65
Total comprehensive expenses for the period, net of tax	**(59,315)**	(185,976)
Total comprehensive expenses for the period attributable to:		
Owners of the Company	**(58,876)**	(185,762)
Non-controlling interests	**(439)**	(214)
	(59,315)	(185,976)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30 June 2012 HK$'000 (Unaudited)	31 December 2011 HK$'000 (Audited)
Non-current assets			
Plant and equipment		**109,841**	112,561
Finance lease receivables		**–**	1,685
Mining rights		**439,514**	441,214
Deposit for acquisition of a subsidiary		**23,088**	23,088
		572,443	578,548
Current assets			
Inventories		**8,226**	23,022
Trade and other receivables	*9*	**68,482**	76,178
Finance lease receivables		**–**	2,826
Amounts due from non-controlling interest holders		**273**	273
Amount due from a director		**302**	265
Bank balances and cash		**32,998**	33,573
		110,281	136,137
Current liabilities			
Trade and other payables	*10*	**52,273**	50,705
Amount due to a non-controlling interest holder		**306**	306
Other borrowing		**8,000**	8,000
Derivative component of convertible loan notes		**112**	1,775
Liabilities component of convertible loan notes		**270,587**	242,828
Income tax liabilities		**6,593**	6,903
		337,871	310,517
Net current liabilities		**(227,590)**	(174,380)
Total assets less current liabilities		**344,853**	404,168

	30 June 2012 *HK$'000* (Unaudited)	31 December 2011 *HK$'000* (Audited)
Capital and reserves		
Share capital	**11,380**	11,380
Convertible preference shares	**20,865**	20,865
Reserves	**271,661**	330,768
Equity attributable to owners of the Company	**303,906**	363,013
Non-controlling interests	**191**	399
Total equity	**304,097**	363,412
Non-current liability		
Deferred tax liability	**40,756**	40,756
	344,853	404,168

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2012

1. GENERAL

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

The principal activity of the Company is investment holding. During the period, the Group were principally involved in the distribution of information technology products and geological survey, exploration and development of iron, gold and other mineral deposits (mining operation), trading of iron ore and alluvial gold and coal trading and logistics.

The 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 Interim Financial Information

In preparing the Interim Financial Information, the Directors have given consideration to the future liquidity of the Group.

As detailed in the Company's announcements dated 6 January 2012 and 7 February 2012, the Company and the convertible loan notes holder had entered into a supplemental agreement in relation to the proposed alteration of certain terms and conditions of the outstanding convertible loan notes. The maturity date of the convertible loan notes with principal amount of USD30,000,000 (equivalent to approximately HK$234,000,000) ("US$30M CB") was changed to 13 December 2012. The resolution was approved by the shareholders of the Company in the special general meeting held on 23 February 2012. The Group had net current liabilities of approximately HK$227,590,000 as at 30 June 2012 and incurred a loss attributable to owners of the Company of approximately HK$58,505,000 for the six months ended 30 June 2012. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Company has entered into a conditional acquisition agreement for the purchase of certain coal mines in Shanxi (the "Proposed Acquisition"). Accordingly, the Directors are of the opinion that it is appropriate to prepare the Interim Financial Information for the six months ended 30 June 2012 on a going concern basis, the validity of which depends on (i) the successful completion of the Proposed Acquisition as detailed in the Company's announcement dated 4 July 2012 which will bring in the viable coal projects; (ii) the successful restructuring of its financial obligations with regards to the US$30M CB; and (iii) the Group's ability to have adequate cash flows to maintain its operations.

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 Interim Financial Information.

2. PRINCIPAL ACCOUNTING POLICIES

The 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 Interim Financial Information for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current interim period has had no material impact on the Group's financial performance and position for the current and prior period and/or the disclosures set out in these Interim Financial Information.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC)* – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]
Amendments to HKFRS10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

* *HK(IFRIC) represents the Hong Kong (International Financial Reporting Interpretations Committee)*

[1] *Effective for annual periods beginning on or after 1 January 2013.*
[2] *Effective for annual periods beginning on or after 1 January 2015.*
[3] *Effective for annual periods beginning on or after 1 July 2012.*
[4] *Effective for annual periods beginning on or after 1 January 2014.*

Same as disclosed in annual report for the year ended 31 December 2011, the Directors anticipate that the application of new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

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

Banking and finance systems integration services and software solutions	–	Provision of systems integration, software development, software solution engineering, maintenance and professional outsourcing services for the banking and finance, telecommunications and public sector clients
Mining operation	–	Geological survey, exploration and development of iron, gold and other mineral deposits (mining operation) and trading of iron ore and alluvial gold
Coal operation	–	Provision of coal trading and logistics services

Segments revenues and results

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

	Banking and finance systems integration services and software solutions		Mining operation		Coal operation		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**22,814**	22,206	**–**	4,856	**16,339**	–	**39,153**	27,062
RESULTS								
Segment loss	**(706)**	(276)	**(10,984)**	(138,918)	**(1,272)**	(652)	**(12,962)**	(139,846)
Unallocated income							**4,358**	13,025
Unallocated expenses							**(30,813)**	(35,607)
Finance costs							**(19,403)**	(36,461)
Loss before taxation							**(58,820)**	(198,889)

Segment loss represents the loss from each segment without allocation of central administrative expenses, directors' emoluments, interest income and finance costs. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segments assets

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

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Banking and finance systems integration services and software solutions	**30,916**	31,620
Mining operation	**599,444**	613,994
Coal operation	**16,145**	31,191
Total segment assets	**646,505**	676,805
Unallocated	**36,219**	37,880
Consolidated assets	**682,724**	714,685

4. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expense on convertible loan notes	**18,695**	36,461
– other borrowing	**708**	–
	19,403	36,461

5. INCOME TAX

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
People's Republic of China (the "PRC") Enterprises Income Tax		
– current	**86**	109
Mongolia Economic Entity Income Tax		
– current	**38**	–
Deferred tax	**–**	(12,957)
Income tax expense (credit)	**124**	(12,848)

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 and Mongolia are subject to PRC Enterprise Income Tax and Mongolia Economic Entity Income Tax respectively.

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Costs of inventories sold	**24,397**	16,416
Depreciation of plant and equipment	**6,064**	1,040
Staff costs (including directors' emoluments)		
– Wages and salaries	**6,732**	13,751
– Retirement benefit schemes contributions	**874**	1,219

7. DIVIDENDS

No dividend was 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 the 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	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(58,505)**	(185,827)

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**1,138,007,578**	857,725,029

9. TRADE AND OTHER RECEIVABLES

The Group normally grants to its trade customers credit periods ranging from 30 days to 180 days. The following is an ageing analysis of trade receivables presented based on the invoice date (net of impairment losses recognised).

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**10,045**	16,994
91 days to 180 days	**3,159**	2,192
181 days to 365 days	**7,628**	2,859
Over 365 days	**2,700**	2,549
	23,532	24,594
Prepayments, deposits and other receivables	**44,950**	51,584
Total trade and other receivables	**68,482**	76,178

10. TRADE AND OTHER PAYABLES

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
– third parties	**3,224**	2,615
– a non-controlling interest holder	**325**	325
	3,549	2,940
Accrued expenses and other payables	**48,724**	47,765
Total trade and other payables	**52,273**	50,705

The following is an ageing analysis of trade payables presented based on the invoice date:

	30 June 2012	31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**1,788**	1,383
91 days to 180 days	**7**	–
181 days to 365 days	**311**	–
Over 365 days	**1,443**	1,557
	3,549	2,940

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the period in review, and as announced by the Company on 13 June 2012 and 4 July 2012, a wholly-owned subsidiary of the Group, entered into a conditional acquisition agreement (the “Acquisition Agreement”) for the purchase of certain coal mines in Shanxi Province from City Bloom Limited (“City Bloom”). Contemporaneous with the signing of the Acquisition Agreement, the Company entered into a conditional disposal agreement (the “Disposal Agreement”) with a connected party of the Company, for the disposal by the Company of its iron mining and coal trading and logistics businesses. In addition, the Company also entered into negotiations with its convertible bond holder for the capitalisation of part of the convertible bonds and the alteration of the existing terms of the convertible bonds. Further details of the acquisition, the disposal and the alteration to the terms of the convertible bonds are described below and the Company will make an appropriate announcement in due course. Trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 13 June 2012 and has remained suspended pending the release of the announcement.

Iron mining

The Group owns a 99.99% interest in Golden Pogada LLC (“Golden Pogada”), which holds a mining right license for a 12.01 sq-km iron ore mine located in south-central Mongolia (the “Oyut Ovoo Mine”).

As reported in our 2011 Annual Report, the mining operation at the Oyut Ovoo Mine has been halted since the onset of the technical problems with its production equipment and machineries. Furthermore, due to the prolonged iron production schedule, the Company not establishing the required scale of production and the delay in the completion of the Choir station, the Group will have to bear the logistics related costs of transporting the iron ore products from the Oyut Ovoo Mine to Erenhot, to be sold. As such, for the year ended 2011, the Group had further impaired the carrying amount of the mining right as a result of the significant change to the cost structure and overall profitability of the Group’s iron mining business.

On 12 June 2012, the Group entered into the Disposal Agreement for the disposal of the entire issued share capital of North Asia Resources Group Limited (“NARG”), which holds the Group’s 99.99% interest in Golden Pogada. In light of the issues that the Company has encountered with the iron mining business and the delay in the completion of the Choir station over the last two years, the disposal of the iron business will reduce the drain on Company’s resources, and allow the Company to focus on managing the operation of the coal mines, upon the completion of the acquisition.

Gold mining

Dadizi Yuan LLC* ("Dadizi Yuan"), a wholly-owned subsidiary of the Group, holds mining and exploration licenses in respect of two alluvial gold mines located in Khar Yamaat, Khongor and Sharin Gol Soum of Darkhan Uul aimag, Mongolia.

As reported in our 2011 Annual Report, the gold mining operation which was operating smoothly during the second half of 2010, was suspended during the end of the year due to the severe wintery conditions in Mongolia. The operation at the gold mines remained suspended during the period under review due to the political uncertainties surrounding the Mongolian elections and the Group re-strategising its operation. The management will continue to monitor the situation in Mongolia before deciding on a suitable time to re-commence its gold mining operation.

Coal Trading & Logistics

The coal trading and logistics businesses of the Group are carried out by Good Loyal Group Limited ("GLG") through its subsidiary, Global Link Logistics LLC ("GLL") and NARG's subsidiary, NAR Gold Fox Group Limited ("NAR Gold Fox"). The logistics operation at the Gants Mod border crossing is operated through GLL while the coal trading business at Ceke border crossing is operated through NAR Gold Fox.

During the period under review, GLL continued to transport the coal products for a Mongolian coal mining company from one of its coal mines to the Gants Mod border crossing. The Mongolian coal mining company is currently constructing a paved road from its mine to the Gants Mod border and GLL is also assisting in the transportation of cement from the Gants Mod border to the road construction sites. The new road will help increase the fleet efficiency for GLL in its future transportation of coal for the Mongolian coal mining company. This operation has been running relatively smoothly for the past few months and has been generating revenue to the Group; however, more capital investment will be required in order for this business to become profitable.

Around the end of 2011, NAR Gold Fox started a trial running of its business model, which was subsequently aborted as the business involved a relatively long funding cycle and substantial outlay of capital, from the point of initial investment of capital for the purchase of the raw coal, transportation cost and coal washing cost to the final receipt of payment from the washed coal buyers. As such, the Company decided to put this operation on hold and to further review and strategise the operational and funding requirements for this business. Since the washing process had been aborted, the raw coal was sold during the period under review.

The entire issued share capital of GLG and NARG will be disposed to a connected party pertaining to the terms and conditions of the Disposal Agreement. As both GLL's and NAR Gold Fox's businesses are still in their early stages and would require further investments of capital, the disposal of the coal trading and logistics businesses would allow the Company to focus its capital resources on the operation of the coal mines which are expected to contribute a more steady revenue stream to the Group.

* *For identification purpose only*

Banking and finance systems integration services Businesses

The banking and finance systems integration services businesses of the Group are carried out by its wholly-owned subsidiary, Topasia Computer Limited and its subsidiaries (the "TopAsia Group").

Despite the slight decline in inflation due to the slower economic growth in the first half of 2012, the labour costs in the PRC remained high and the business environment continued to be challenging. In spite of this, the TopAsia Group managed to achieve a slight increase in its total revenue for the period under review as compared to the same period last year. This was mainly due to stronger demands for ATM with deposit and withdrawal capabilities from the local banks. To capitalize on this opportunity, TopAsia Group cooperated with OKI to develop and promote a new all-in-one ATM model that has a range of functions. The ATM maintenance services revenue in the first half of 2012 remained at the same level as that of last year.

Intense competition in the ATM servicing industry continued to drive maintenance fees down, while manufacturers imposed sales quotas on retailers in an attempt to expand their market share, which resulted in the decrease in the gross profit margin for the TopAsia Group for the first six months of 2012 as compared to the same period last year.

The PRC economy for the second half of 2012 is expected to be challenging, as the deficiency of capital, fluctuation in resource prices, and increase in labour costs continue to be major issues for the service industry. In view of this, the TopAsia Group will continue to maintain a prudent operational strategy for their business.

Subsequent Events

As detailed in the announcement dated 27 August 2012, Mountain Sky Resources Holdings Limited (the "Claimant") has on 21 August 2012 filed a claim (the "Claim") in the High Court of Justice of the British Virgin Islands against Mountain Sky Resources (Mongolia) Limited ("MSM"), Ultra Asset International Limited ("Ultra Asset"), the Company and Guang Cheng Group Limited ("Guang Cheng"). As at the date hereof, MSM is a substantial shareholder of the Company holding 155,350,000 ordinary shares of the Company (the "Shares") and 1,500,987,376 convertible preference shares of the Company (the "CPS") and Guang Cheng is wholly-owned subsidiary of the Company. The Claimant is a minority shareholder of MSM while Ultra Asset is the majority shareholder of MSM. The Claimant is not a registered shareholder of the Company as at the date of this interim results announcement.

At the time of issuance of the US$30M CB to Business Ally Investments Limited ("BAI"), MSM has executed a share charge of 514,932,886 CPS in favour of BAI. As disclosed in the circular of the Company dated 8 February 2012, the terms and conditions of the US$30M CB were proposed to be altered, which alteration was conditional upon, among others, (i) MSM shall have executed under seal and delivered to BAI the charge on the remaining CPS (the "Additional Charge on Preference Shares") registered under its name (being 986,054,490 CPS) in favour of BAI; and (ii) MSM shall have charged, executed under seal and delivered to BAI the charge on the Shares (the "Charge on Shares") registered under its name (being 155,350,000 Shares) in favour of BAI. On 5 March 2012, the Additional Charge on Preference Shares and the Charge on Shares were executed by MSM in favour of BAI.

The Claim involves, among other things, the seeking of the following: (i) an injunction restraining the Company, Guang Cheng and MSM from taking or procuring any further steps in respect of certain proposed transactions (the "Proposed Transactions") as described in the announcement of the Company dated 4 July 2012, in particular any steps that involve selling MSM's Shares and CPS in the Company in return for the Group's iron mine in Mongolia; (ii) an order declaring that the directors' and shareholders' resolutions of MSM approving the components of the Proposed Transactions, the Additional Charge on Preference Shares and the Charge on Shares are void and of no effect; (iii) an order that Ultra Asset transfers 350 million Shares free and clear of any encumbrance to the Claimant, or in the alternative that the Additional Charge on Preference Shares and the Charge on Shares are void and of no effect and Ultra Asset procures MSM to transfer 18.81% of the Shares and CPS it held to the Claimant free and clear of any encumbrance; and (iv) damages and costs. The Claimant alleged that the affairs of MSM have been and are likely to be conducted in a manner that is oppressive, unfairly discriminatory and/or unfairly prejudicial to the Claimant in its capacity as a shareholder of MSM.

The Company has carried out all reasonable work including obtaining relevant copies of minutes and resolutions from MSM and a legal opinion based on the laws of the British Virgin Islands addressed to BAI in relation to the execution of the Additional Charges on Preference Shares and the Charge on Shares. Based on the aforesaid legal opinion, the Board considers that the Additional Charge on Preference Shares and the Charge on Shares were duly executed by MSM and proper authorisation has been obtained from the relevant parties for the execution of the same. In addition, after preliminary consultations with relevant professionals, the Company considers that the Claim against the Company is unmeritorious and without any justifiable basis. As stated above, the Claimant is not a shareholder of the Company and it is not clear the standing in which the Claimant is making the Claim against the Company. Further, the Company is of the view that the Proposed Transactions are in the interest of the Company for the benefit of its shareholders. The Company intends to strongly defend the Claim and is in the process of obtaining legal advice in this respect.

OUTLOOK

In light of the issues surrounding the iron mining operation and the start-up status of the coal trading business, the Company believes that the disposal of these businesses would allow the Company to focus its resources on the coal mines, which are expected to contribute a more probable and steady revenue stream to the Group. Furthermore, the restructuring of the Group's financial obligation on the US$30M CB will release the Company from the restrictions on its capital usage.

FINANCIAL REVIEW

Review of Results

For the six months ended 30 June 2012, the Group recorded a turnover of approximately HK$39,153,000 (six months ended 30 June 2011: approximately HK$27,062,000), which represented an increases of approximately 45% while the gross profit increased by 31%. The increase in turnover and gross profit for this first half year were mainly contributed by the coal operation segment. The increase in turnover of this segment was attributed to the increase in coal trading and logistic services of approximately HK$16,339,000.

The Group recorded a loss of approximately HK$58,944,000 as compared to a loss of approximately HK$186,041,000 for the same period last year which represented a decrease of approximately 68%. The decrease in the loss for the current period was mainly as a result of the decrease in impairment loss recognised in respect of the mining rights as compared to the same period last year. Impairment loss on the gold mining right of approximately HK$1,700,000 was recognised in the condensed consolidated income statement for the six months ended 30 June 2012 (six months ended 30 June 2011: impairment loss on iron mining right of HK$129,300,000). For the six months ended 30 June 2012, the impairment loss was made as a result of a decrease in the business enterprise value of Dadizi Yuan. The fair value of the business of Dadizi Yuan was based on a valuation report issued by Greater China Appraisal Limited ("Greater China"). The decision to impair the carrying value of the gold mining right was made by the Board after taking into consideration of the valuation report prepared by Greater China and the delay in production as a result of the current suspension of gold mining operation, which resulted in a change in the time value of operating the Group's gold business. No impairment loss was recognised for the iron mining right for the current period as the recoverable amount of the iron mining right was higher than its carrying amount as at 30 June 2012.

Loss per share for the first half of 2012 were HK5.14 cents compared to HK21.67 cents per share for the same period in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

Net Debt and gearing

At 30 June 2012, the Group's gearing ratio, computed as the Group's other borrowing and convertible loan notes over the equity attributable to equity holders of the Group was approximately 0.92 as compared to approximately 0.69 as at 31 December 2011.

Liquidity

The Group had total cash and bank balances of approximately HK$32,998,000 as at 30 June 2012 (31 December 2011: approximately HK$33,573,000).

As explained in Note 1 to the Interim Financial Information, the maturity date of the US$30M CB has been changed to 13 December 2012 (the "New Maturity Date") and as such the US$30M CB will have to be redeemed on the New Maturity Date, if it has not been fully converted into conversion shares. The Group's net cash balance as at 30 June 2012 was approximately HK$32,998,000 or equivalent to approximately USD4,231,000. However, the Company has entered into the Acquisition Agreement with City Bloom which will bring in viable coal projects into the Group and is in negotiations with the US$30M CB holder to restructure the Company's financial obligations in relation to the US$30M CB.

CHARGES ON ASSETS

As at 30 June 2012 and 31 December 2011, the entire issued shares of Green Paradise Enterprises Ltd., was pledged to the holder of the US$30M CB.

TREASURY POLICIES

The Group generally financed its operations with internally generated resources and equity and/or debt financing activities. All financing methods will be considered so long as such methods are beneficial to the Company. Subsidiaries in the PRC and Mongolia used shareholder funds and internally generated resources to finance their working capital requirements. Bank deposits are in HK$, Renminbi ("RMB"), Mongolian Tugrik ("MNT") and the United States dollars ("USD").

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has no material contingent liabilities as at 30 June 2012 (31 December 2011: nil).

The Group had no capital commitments as at 30 June 2012 (31 December 2011: nil) but has other commitments for an investment in a cooperation project which were contracted but not provided for totalling HK$6,552,000 (31 December 2011: HK$6,552,000).

FOREIGN EXCHANGE EXPOSURE

For the period ended 30 June 2012, the Group mainly earned revenue in RMB and MNT and incurs costs in HK$, RMB, MNT and USD. Although the Group currently does not have any foreign currency hedging policies, it does not foresee any significant currency exposure in the near future.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2012, the Group employed approximately 220 full time employees in Mongolia, 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.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's unaudited Interim Financial Information for the six months ended 30 June 2012.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: nil).

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2012, the Company has complied with the code provisions and those revised code provisions with effect from 1 April 2012 and where appropriate, adopted the recommended best practices as set out in the Code on Corporate Governance Practices (the "Code") under Appendix 14 to the Listing Rules, save for the deviations from code provisions A.2.1 and A.5 of the Code.

Since 15 March 2011, Mr. Tse Michael Nam, the then Deputy Chairman and the acting Chief Executive Officer, was re-designated as the Chairman of the Company but there was no replacement for the position of the Chief Executive Officer. This constitutes a deviation from the code provision A.2.1 of the Code which stipulates that the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. However, the Board considers that in view of the current operational needs of the Group, its ongoing stability and future strategic direction, it is beneficial and efficient to maintain this leadership structure.

During the period, Mr. Tse fulfilled his responsibilities as the Chairman of the Board, including ensuring that the Board operates effectively and discharges its responsibilities, ensuring that good corporate governance practices and procedures are established, facilitating effective contribution of directors and ensuring constructive relations between executive and non-executive directors.

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

The Board considers that the appointment and removal of directors are the collective decision of the Board. Where vacancies on the Board exist, the Board will carry out the selection process by making references to the skill, experience, professional knowledge, personal integrity and time commitments of the proposed candidate, including the independence status in the case of an independent non-executive director, the Company's needs and other relevant statutory requirements and regulations. The procedures for shareholders to elect a director has been published in the Company's and the Stock Exchange's websites. During the period in review, there were no new appointments to the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for securities transactions by directors of Listed Companies (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made with each of the Directors and all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2012.

By the order of the Board of
North Asia Resources Holdings Limited
Mr. Tse Michael Nam
Chairman

Hong Kong, 28 August 2012

As at the date of this announcement, Mr. Tse Michael Nam and Mr. Yang Xiaoqi are the executive Directors, Mr. Wu Chi Chiu is the non-executive Director and Mr. Lim Yew Kong, John, Mr. Mak Ping Leung and Mr. Leung Po Wing, Bowen Joseph (GBS, JP) are the independent non-executive Directors.