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 2011

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 2011 together with the comparative figures for the corresponding year in 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Continuing operations			
Turnover	*5*	**73,497**	31,922
Cost of sales and services rendered		**(62,025)**	(21,778)
Gross profit		**11,472**	10,144
Other operating income	*5*	**775**	1,874
Selling and distribution expenses		**(3,630)**	(3,940)
Administrative expenses		**(63,802)**	(67,820)
Other operating expenses		**(1,270)**	(2,750)
Change in fair value of derivative component of convertible loan notes		**37,561**	(2,832)
Loss on redemption of convertible loan notes		**(6,679)**	–
Loss on amendment of terms of convertible loan notes		**(24,166)**	–
Impairment loss recognised in respect of exploration and evaluation assets		**(7,645)**	–
Impairment loss recognised in respect of goodwill		**–**	(2,653,767)
Impairment loss recognised in respect of mining rights		**(819,000)**	(287,500)
Finance costs	*6*	**(70,356)**	(32,389)

	Notes	**2011** **HK$'000**	2010 HK$'000
Loss before taxation	*7*	**(946,740)**	(3,038,980)
Income tax	*8*	**81,350**	28,461
Loss for the year from continuing operations		**(865,390)**	(3,010,519)
Discontinued operations	*9*		
Profit for the year from discontinued operations		**–**	282
Loss for the year		**(865,390)**	(3,010,237)
Attributable to:			
Owners of the Company		**(865,316)**	(3,009,777)
Non-controlling interests		**(74)**	(460)
		(865,390)	(3,010,237)
Loss per share	*10*		
Basic and diluted *(HK cents)*			
– Continuing operations		**(86.62)**	(438.18)
– Discontinued operations		**–**	0.08
From continuing and discontinued operations		**(86,62)**	(438.10)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(865,390)**	(3,010,237)
Other comprehensive income (expenses)		
Exchange differences on translation of foreign operations	**1,044**	340
Exchange reserve realised on disposal of subsidiaries	**–**	(1,677)
Other comprehensive income (expenses) for the year, net of tax	**1,044**	(1,337)
Total comprehensive loss for the year, net of tax	**(864,346)**	(3,011,574)
Total comprehensive loss attributable to:		
Owners of the Company	**(864,272)**	(3,011,114)
Non-controlling interests	**(74)**	(460)
	(864,346)	(3,011,574)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Plant and equipment		**112,561**	82,965
Finance lease receivables		**1,685**	–
Mining rights		**441,214**	1,264,392
Exploration and evaluation assets		**–**	7,645
Deposit for acquisition of a subsidiary		**23,088**	23,088
Deposit for acquisition of plant and equipment		**–**	22,040
Goodwill		**–**	–
		578,548	1,400,130
Current assets			
Inventories		**23,022**	7,813
Amounts due from non-controlling interest holders		**273**	–
Trade and other receivables	*11*	**76,178**	49,309
Finance lease receivables		**2,826**	–
Amount due from a director		**265**	262
Bank balances and cash		**33,573**	259,086
		136,137	316,470
Current liabilities			
Trade and other payables	*12*	**50,705**	48,033
Amount due to a non-controlling interest holder		**306**	306
Other borrowing		**8,000**	–
Derivative component of convertible loan note		**1,775**	–
Liabilities component of convertible loan note		**242,828**	–
Income tax liabilities		**6,903**	6,743
		310,517	55,082
Net current (liabilities) assets		**(174,380)**	261,388
		404,168	1,661,518

	2011	2010
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**11,380**	8,514
Convertible preference shares	**20,865**	23,387
Reserves	**330,768**	1,195,384
Equity attributable to owners of the Company	**363,013**	1,227,285
Non-controlling interests	**399**	430
Total equity	**363,412**	1,227,715
Non-current liabilities		
Liabilities components of convertible loan notes	**–**	295,950
Derivative components of convertible loan notes	**–**	15,170
Deferred tax liability	**40,756**	122,683
	40,756	433,803
	404,168	1,661,518

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").

As the Company is listed in Hong Kong, the Directors consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activity of the Company is investment holding. During the year, the Group were principally involved in the distribution of information technology products, 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.

2. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, 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 note 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) (the "US$30M CB") was revised 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 HK$174,380,000 as at 31 December 2011 and incurred a loss attributable to owners of the Company of approximately HK$865,316,000 for the year ended 31 December 2011. In addition, the US$30M CB will mature on 13 December 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 management is engaging in active negotiations with potential investors to inject viable business projects and funding into the Company. Based on a cash flow forecast prepared by the management with reference to the current business and financing plans of the Group, the Directors consider the Group will be able to finance its future working capital and fulfill its obligations as and when they fall due.

The Directors are of the opinion that it is still appropriate to prepare the consolidated financial statements for the year ended 31 December 2011 on a going concern basis, the validity of which depends on (i) the successful outcome of the Group's prospective external financial resources providers to bring in viable assets and/or projects to restructure its financial obligations and to solve the Group's solvency position at any point of time and, (ii) 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 consolidated financial statements.

3. Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standards ("HKAS") 24 (Revised)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)*– Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

The Directors anticipate that the application of the above new and revised HKFRSs has had no material impact on the Group's financial performance and position for the current and prior years and/or the disclosures set out in these consolidated financial statements.

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

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangement[2]
HKFRS 12	Disclosures of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] *Effective for annual periods beginning on or after 1 July 2011.*
[2] *Effective for annual periods beginning on or after 1 January 2013.*
[3] *Effective for annual periods beginning on or after 1 January 2015.*
[4] *Effective for annual periods beginning on or after 1 January 2012.*
[5] *Effective for annual periods beginning on or after 1 July 2012.*
[6] *Effective for annual periods beginning on or after 1 January 2014.*

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosure regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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. 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.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss ("FVTPL")) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these fives standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and Hong Kong (Standing Interpretations Committee) ("HK(SIC)") – Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joints arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the Directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendment to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the time basis.

The amendments to HKAS 1 are effective for the annual period beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HK(IFRIC) 20 – Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC) – Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the Interpretation, the costs from this waste removal activity ("Stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity assets") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 *Inventory*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible assets according to the nature of the existing asset of which it forms part.

HK(IFRIC) – Int 20 is effective for annual period beginning on or after 1 January 2013 with transitional provisions. The Directors anticipate that the Interpretation will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The Directors anticipate that the application of HK(IFRIC) – Int 20 will have effect on the recognition of stripping activity assets in the future. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. Segment information

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

Banking and finance systems integration services and software solutions	–	Provision of systems integration, software development, 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

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 income statement. 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.

During the year ended 31 December 2011, the software solutions for banks and public sector, and banking and finance systems integration services which were separately reported in previous year were combined into the banking and finance systems integration services and software solutions segment due to the downsizing of the software solutions segment and the collaboration of resources. The segment information for the year ended 31 December 2010 had been restated.

Segments revenues and results

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

	Continuing operations							
	Banking and finance systems integration services and software solutions		**Mining operation**		**Coal operation**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**53,138**	31,922	**15,931**	–	**4,428**	–	**73,497**	31,922
RESULTS								
Segment loss	**(2,282)**	(1,238)	**(857,221)**	(2,966,315)	**(2,298)**	–	**(861,801)**	(2,967,553)
Unallocated income							**37,659**	172
Unallocated expenses							**(52,242)**	(39,210)
Finance costs							**(70,356)**	(32,389)
Loss before taxation							**(946,740)**	(3,038,980)

The accounting policies of the reportable 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' emoluments, interest 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

	2011	2010
	HK$'000	*HK$'000*
Banking and finance systems integration services and software solutions	**31,620**	26,373
Mining operation	**613,994**	1,403,077
Coal operation	**31,191**	–
Total segment assets	**676,805**	1,429,450
Unallocated	**37,880**	287,150
Consolidated assets	**714,685**	1,716,600

Segment liabilities

	2011 HK$'000	2010 HK$'000
Banking and finance systems integration services and software solutions	**41,342**	38,365
Mining operation	**1,858**	2,238
Coal operation	**134**	–
Total segment liabilities	**43,334**	40,603
Unallocated	**307,939**	448,282
Consolidated liabilities	**351,273**	488,885

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

– all assets are allocated to reportable segments other than amounts due from non-controlling interest holders, amount due from a director, bank balances and cash, and assets used jointly by reportable segments.

– all liabilities are allocated to reportable segments other than other borrowing, amount due to a non-controlling interest holder, convertible loan notes, income tax liabilities, deferred tax liabilities and liabilities for which reportable segments are jointly liable.

Other segment information

	Continuing operations									
	Banking and finance systems integration services and software solutions		Mining operation		Coal operation		Unallocated		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
For the year ended 31 December										
Amounts included in the measure of segment losses or segment assets:										
Depreciation	**339**	405	**4,860**	1,424	**61**	–	**1,105**	1,074	**6,365**	2,903
Addition of non-current assets (excluding addition through acquisition of subsidiaries) *(Note)*	**217**	47	**36,422**	84,273	**4,347**	–	**37**	4,009	**41,023**	88,329
Impairment loss recognised in respect of trade receivables	**1,270**	–	**–**	–	**–**	–	**–**	–	**1,270**	–
Write off of other receivables	**–**	–	**–**	2,739	**–**	–	**–**	–	**–**	2,739
(Gain) loss on disposal/written off of plant and equipment	**(17)**	–	**108**	–	**–**	–	**(13)**	1,225	**78**	1,225
Impairment loss recognised in respect of exploration and evaluation assets	**–**	–	**7,645**	–	**–**	–	**–**	–	**7,645**	–
Impairment loss recognised in respect of goodwill	**–**	–	**–**	2,653,767	**–**	–	**–**	–	**–**	2,653,767
Impairment loss recognised in respect of mining rights	**–**	–	**819,000**	287,500	**–**	–	**–**	–	**819,000**	287,500
Reversal of impairment loss recognised in respect of trade receivables	**–**	(517)	**–**	–	**–**	–	**–**	–	**–**	(517)

Note: Non-current assets exclude financial instruments.

	Continuing operations									
	Banking and finance systems integration services and software solutions		Mining operation		Coal operation		Unallocated		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the year ended 31 December										
Amounts regularly provided to CODM but not included in the measure of segment losses or segment assets:										
Interest income	**(118)**	(15)	**(47)**	(145)	**(73)**	–	**(17)**	(11)	**(255)**	(171)
Interest expense	**–**	–	**–**	–	**–**	–	**70,356**	32,389	**70,356**	32,389
Income tax expense (credit)	**510**	289	**(81,860)**	(28,750)	**–**	–	**–**	–	**(81,350)**	(28,461)

Geographical information

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

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

	Hong Kong		Elsewhere in the PRC		Mongolia		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**–**	338	**53,138**	31,584	**20,359**	–	**73,497**	31,922
Non-current assets *(Note)*	**1,563**	2,739	**243**	374	**575,057**	1,397,017	**576,863**	1,400,130

Note: Non-current assets exclude financial instruments.

Revenue from major products and services

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

	2011	2010
	HK$'000	*HK$'000*
Sale of mining products	**15,931**	–
Sale of ATM machines	**31,864**	9,914
Provision of logistics services	**4,428**	–
Rendering of computer technology services	**21,274**	22,008
	73,497	31,922

Information about major customer

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

	2011	2010
	HK$'000	*HK$'000*
Customer A[1]	**15,931**	N/A

[1] *Revenue from mining operation*

5. Turnover and other operating income

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

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Turnover		
Sale of goods	**47,795**	9,914
Rendering of services	**25,702**	22,008
	73,497	31,922
Other operating income		
Interest income	**195**	171
Finance lease interest income	**60**	–
Reversal of impairment loss recognised in respect of trade receivables	**–**	517
Sundry income	**9**	234
Government grant *(Note)*	**511**	952
	775	1,874

Note: Pursuant to the notices issued by the relevant government authorities, certain PRC subsidiaries of the Company were entitled to enjoy subsidies for provision of specialised information technology services. There is no further condition that the Group is required to fulfill.

6. Finance costs

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on borrowings wholly repayable within five years:		
– effective interest expense on convertible loan notes	**74,864**	19,903
– interest expense on promissory notes	**–**	12,032
– other borrowings	**41**	454
Total borrowing costs	**74,905**	32,389
Less: amounts capitalised	**(4,549)**	–
	70,356	32,389

Borrowing costs capitalised during the year arose on the general borrowing pool are calculated by applying a capitalisation rate of 26.51% per annum to expenditure on qualifying assets.

7. Loss before taxation

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	**1,123**	950
Cost of inventories sold	**48,103**	10,092
Total depreciation	**11,274**	3,723
Less: depreciation capitalised as inventories	**(4,909)**	(820)
Depreciation charged to the consolidated income statement	**6,365**	2,903
Directors' emoluments	**4,705**	9,649
Exchange loss	**381**	881
Impairment loss recognised in respect of trade receivables	**1,270**	–
Write off of other receivables	**–**	2,739
Loss on disposal/written off of plant and equipment	**78**	1,225
Payments under operating leases in respect of		
– land and buildings	**4,877**	4,660
– plant and machinery	**1,188**	–
Staff costs (excluding Directors' emoluments)	**23,585**	24,621

8. Income tax

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
PRC Enterprise Income Tax		
– current	**359**	268
– under-provision in previous years	**151**	21
Mongolia Economic Entity Income Tax		
– current	**27**	–
– under-provision in previous years	**40**	–
	577	289
Deferred tax	**(81,927)**	(28,750)
Income tax credit	**(81,350)**	(28,461)

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

The income tax credit for the year can be reconciled to the loss before taxation per the consolidated income statement as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before taxation from continuing operations	**(946,740)**	(3,038,980)
Tax credit at rates applicable to loss in the jurisdictions concerned	**(100,826)**	(478,867)
Tax effect of income not subject to tax	**(6,197)**	(131)
Tax effect of expenses not deductible for tax purpose	**25,339**	450,513
Tax effect of tax losses and deductible temporary differences not recognised	**143**	3
Under-provision in previous years	**191**	21
Income tax credit for the year (relating to continuing operations)	**(81,350)**	(28,461)

9. **Discontinued operations**

On 23 November 2009, the Company entered into a sale and purchase agreement with Marigold Worldwide Group Limited ("Marigold"), a company which was wholly and beneficially owned by Mr. Yam Tak Cheung who was also the beneficial owner of Integrated Asset Management (Asia) Limited, the controlling shareholder of the Company, whereby the Company had conditionally agreed to sell and Marigold had conditionally agreed to buy the entire interests in Green Global Agro-Conservation Resources Limited and Green Global Bioenergy Limited and their subsidiaries (hereinafter collectively referred to as "Disposal Groups") including the amounts owing by the Disposal Groups to the Group excluding the Disposal Groups for a consideration of HK$180,000,000. The Disposal Groups carried out the agro-conservation and bio-energy operation which were also discontinued on 23 November 2009.

The disposal was approved by the shareholders of the Company in the special general meeting held on 20 January 2010 and was completed on 24 March 2010.

The results of discontinued operations for the year are as follows:

	Agro-conservation		**Bio-energy**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	–	–	–	–	–	–
Other operating income	–	4,386	–	42	–	4,428
Administrative expenses	–	(4,893)	–	(1,048)	–	(5,941)
Other operating expenses	–	(180)	–	–	–	(180)
Loss from operations	–	(687)	–	(1,006)	–	(1,693)
Reversal of loss on remeasurement to fair value less cost to sell	–	1,757	–	195	–	1,952
Share of loss of a jointly controlled entity	–	(2)	–	–	–	(2)
Profit (loss) before taxation from discontinued operations	–	1,068	–	(811)	–	257
Income tax	–	25	–	–	–	25
Profit (loss) for the period/year	–	1,093	–	(811)	–	282
Attributable to:						
Owners of the Company	–	1,093	–	(534)	–	559
Non-controlling interests	–	–	–	(277)	–	(277)
	–	1,093	–	(811)	–	282

Profit (loss) for the year from discontinued operations include the following:

	Agro-conservation		**Bio-energy**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Auditor's remuneration	**–**	–	**–**	8	**–**	8
Write off of other receivables	**–**	180	**–**	–	**–**	180
Staff costs						
– Wages and salaries	**–**	–	**–**	180	**–**	180
– Retirement benefit schemes contributions	**–**	–	**–**	3	**–**	3

The cash flows of the discontinued operations was as follows:

	2011	2010
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**–**	879
Net cash inflow from investing activities	**–**	2
Total cash inflow	**–**	881

No income tax charge or credit was arisen from the disposal of the Disposal Groups.

10. Loss per share

From continuing and discontinued operations

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:

	2011	2010
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(865,316)**	(3,009,777)

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**999,018,150**	687,011,285

From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(865,316)**	(3,009,777)
Less: profit for the year from discontinued operations attributable to owners of the Company *(Note 9)*	**–**	559
Loss for the year for the purpose of basic loss per share from continuing operations	**(865,316)**	(3,010,336)

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operation

There was no discontinued operations for the year ended 31 December 2011.

For the year ended 31 December 2010, basic earnings per share for the discontinued operations was HK0.08 cents, based on the profit for the year from the discontinued operations attributable to the owners of the Company of approximately HK$559,000 and the denominators detailed above for basic loss per share.

The computation of diluted loss per share does not assume the exercise of the outstanding share options, the conversion of the convertible loan notes and the conversion of convertible preference shares since their exercise would result in a decrease in loss per share. The basic and diluted loss per share are the same.

11. Trade and other receivables

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**36,875**	32,198
Less: Impairment losses recognised	**(12,281)**	(11,011)
	24,594	21,187
Prepayments, deposits and other receivables	**51,584**	28,122
Total trade and other receivables	**76,178**	49,309

The Group normally grants to its customers credit periods ranging from 30 days to 180 days which are subject to periodic review by management.

(a) The ageing analysis of the trade receivables at the end of the reporting period, net of impairment losses recognised based on the invoice date was as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**16,994**	9,878
91 days to 180 days	**2,192**	3,074
181 days to 365 days	**2,859**	3,376
Over 365 days	**2,549**	4,859
	24,594	21,187

(b) The movements in provision for impairment losses of trade receivables were as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1 January	**11,011**	11,528
Impairment loss recognised during the year	**1,270**	–
Reversal during the year	**–**	(517)
At 31 December	**12,281**	11,011

(c) At the end of the reporting period, the analysis of trade receivables that were past due but not impaired are as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**Less than 90 days**	**91 to 180 days**	**181 to 365 days**	**1 to 2 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2011	24,594	19,834	966	1,143	1,438	1,213
31 December 2010	21,187	13,979	706	1,160	3,202	2,140

Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default. The Group does not hold any collateral over the balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Included in the allowance for impairment losses of trade receivables are individually impaired trade receivables with an aggregate balance of HK$12,281,000 (2010: HK$11,011,000) which have been in severe financial difficulties. During the year ended 31 December 2010, other receivables of HK$2,739,000 which had been in dispute with the Group were individually written off and recognised in the consolidated income statement.

12. Trade and other payables

	2011	2010
	HK$'000	*HK$'000*
Trade payables		
– third parties	**2,615**	1,867
– a non-controlling interest holder	**325**	325
	2,940	2,192
Accrued expenses and other payables	**47,765**	45,841
	50,705	48,033

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

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**1,383**	749
Over 365 days	**1,557**	1,443
	2,940	2,192

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.

13. Commitments

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

(a) Commitments under operating leases

The Group as lessee

The Group leases certain of its office 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:

	2011	2010
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**4,233**	3,640
In the second to fifth year inclusive	**1,660**	3,988
	5,893	7,628

(b) Capital commitment for acquisition of plants and machineries

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for	**–**	18,453

(c) Capital commitment for investment in a cooperation project

	2011	2010
	HK$'000	*HK$'000*
Contracted but not provided for	**6,552**	6,552

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion: Fundamental uncertainty relating to going concern basis

The Group had net current liabilities of approximately HK$174,380,000 and the Group incurred a loss attributable to owners of the Company of approximately HK$865,316,000 for the year ended 31 December 2011. In addition, as explained in Note 42 to the consolidated financial statements, subsequent to the end of the reporting period on 31 December 2011, the convertible loan notes with principle amount of USD30,000,000 (equivalent to approximately HK$234,000,000) will mature on 13 December 2012. These conditions indicate the existence of 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.

As explained in the basis of preparation of Note 1 to the consolidated financial statements, the consolidated financial statements have been prepared by the directors on a going concern basis, the validity of which is dependent on the Group's ability to have adequate cash flows to maintain its business. Due to the uncertainty of the Group's ability to maintain adequate future cash flows, we were unable to ascertain whether the assumptions made by the directors in preparing the consolidated financial statements on a going concern basis are proper and appropriate.

Should the Group be not able to continue its business as a going concern, adjustments would be necessary to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for further liabilities which may arise. The consolidated financial statements have not incorporated any of these adjustments. However, the uncertainty surrounding the Group's future cash flows raises significant doubt about the Company's ability to continue as a going concern. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we are unable to obtain adequate evidence concerning the Group's ability to meet any financial obligations as and when they fall due and we consider that this fundamental uncertainty relating to going concern basis is so extreme that we have disclaimed our opinion.

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 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 & ANALYSIS

FINANCIAL REVIEW

Review of Results

For the year ended 31 December 2011, the Group recorded a turnover from continuing operations of approximately HK$73,497,000 (2010: approximately HK$31,922,000), which represented an increase of approximately 130% while the gross profit increased by 13%. The increase in turnover and gross profit were mainly contributed by the banking and finance systems integration services and software solutions segment. The increase in turnover of this segment was attributed to the increase in equipment sales as well as some additional revenue from the sales of ATM parts and postage mailing machines. However, even though the full year revenue for the banking and finance systems integration services and software solutions segment almost doubled that of last year, the gross profit for the full year, only marginally increased as compared to last year due to intense price competition and higher cost of goods and labor. Further analysis of the banking and finance systems integration services and software solutions businesses can be found in the "Business Review" section of this report.

The Group recorded a loss of approximately HK$865,136,000 as compared to a loss of approximately HK$3,009,777,000 last year. The decrease in the loss for the current year was mainly as a result of a lower impairment loss recognised in respect of the iron mining business (approximately HK$819,000,000) as compared to last year (approximately HK$2,941,167,000). The impairment loss recognised this year was as a result of a decrease in the fair value of the business enterprise value of Golden Pogada LLC ("Golden Pogada") as assessed by Greater China Appraisal Limited ("Greater China"), an independent professional valuer. The decision to impair the carrying amount of the mining right was made by the Board after taking into consideration Greater China's report, the information obtained from our logistics partner and other sources of information in recent months, regarding the likely increase in the transportation costs for transporting iron ore products from the Oyut Ovoo mine site to a border town as a result of not establishing the required scale of production and our inability to attract other large-scale buyers to absorb the transportation cost, which resulted in a significant change to the cost structure and overall profitability of the Group's iron business. Further details of the iron mining business can be found in the "Business Review" section of this report.

Loss per share for the year to 31 December 2011 were HK86.62 cents compared to HK438.10 cents per share for 2010.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

BUSINESS REVIEW

Overview

During the financial year end of 2011, the Group remained focus on advancing its operational plans for the iron and gold mining, coal trading and logistics businesses in Mongolia. Although delayed by extreme weather conditions and a nation-wide fuel shortage, the Group started its gold mining operations at the Khar Yamaat mine site during the second half of 2011 and successfully sold all of its gold extracts. Its iron ore mining operation at the Oyut Ovoo mine site also commenced dry production during the year. However, production was temporarily halted due to some technical problems and the Group dedicated its attention on resolving the issues with the equipment supplier and in carrying out further testing and fine tuning of the equipment. The newly invested logistics business commenced operation and has started generating some revenue.

During 2011, the Group did not acquire any new projects or assets in the mining and resources sectors although it was actively seeking for opportunities. A framework agreement entered into in July 2010, for the acquisition of two additional iron mines in Mongolia was terminated on 25 May 2011 based on mutual agreement.

Iron mining

The Group owns a 99.99% interest in Golden Pogada, which holds a mining right license for Oyut Oyoo Mine, a 12.01 sq-km iron ore mine located in south-central Mongolia.

As reported in our 2011 interim report, the Group faced some unexpected challenges in the form of adverse weather conditions, nation-wide diesel shortage and technical problems with its production equipment and machinery, during the first half of the year. The mining operation at Oyut Ovoo was halted pending resolution of the technical issues. During the second half of the year, management dedicated its attention on fixing the technical issues together with the equipment supplier.

There has also been a similar delay in the overall construction progress of the transit and loading dock near the Choir train station, and the rail extension line linking the docking facility to the main rail line of the Choir station (the "Choir Project"). Moreover, as a result of an increase in the required area of construction of the Choir Project and significant escalation of the prices of fuel, materials and labor, the construction of the Choir Project has been further delayed. The Group is in negotiations with China Railway Mongolia Investment LLC ("CRMI"), its logistics partner, regarding the estimated construction cost to complete the Choir Project.

The Group did not sell any iron ore products during the year as management's efforts were devoted towards resolving the technical issues at the Oyut Ovoo Mine. Towards the end of the year, when the technical issues have almost been resolved pending further testing and fine tuning of the equipment, the Group consulted its logistics partner, CRMI and other sources, with regards to the sales logistics of its iron ore products. In February 2012, CRMI informed management that since the Group has not yet established the required scale of production at the Oyut Ovoo Mine and as a result of the delay in the completion of the Choir Project, the Group will have to bear the logistics related costs of transporting the iron ore products from the Oyut Ovoo Mine to Erenhot, the border town near to China. CRMI has provided the Group with an estimate of the transportation cost. Given that the iron production schedule has been prolonged (as reported in our 2010 Annual Report) and we have not established the required scale of production, we lack the bargaining power to attract other large-scale buyers who will be willing to absorb the transportation costs. Furthermore, based on recent information, it will be tough to find buyers which will absorb the costs of transportation given the logistics conditions in Mongolia.

The Group believes that CRMI is still the most ideal logistics partner to provide the required transportation services due to CRMI's ability to access the railway systems in both Mongolia and China. The increase in transportation cost will affect the cost structure of operating the iron business and affect the overall profitability of the iron business going forward and as such, the management has made a decision to impair the carrying amount of the mining right as a result of the decrease in the fair value of the business enterprise value of the iron business as valued by Greater China.

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 (the "KY Gold Mine"), located in Khar Yamaat Khongor and Sharin Gol Soum of Darkhan Uul aimag, Mongolia.

During the second half of the year, since no production activities were being carried out at the Oyut Ovoo Mine, management spent more effort on the gold production at the KY Gold Mine. After completing the preparation work and topsoil excavation, the KY Gold Mine commenced operation in July 2011 and it managed to recover some of the lost productivity as a result of the delay encountered during the first half of the year. All the gold products recovered were also successfully sold during the year in accordance with the Group's modus operandi which is to produce and sell within a short interval so as to reduce the security costs of safeguarding our gold inventories and reduce our risks from carrying these valuable stocks.

The Group's gold mining operation progressed quite smoothly during the second half of the year and it did not encounter any other significant interruptions. The gold mining activities stopped around end of October at the onset of the winter season.

Coal Trading and Logistics

During the year under review, the Group dedicated its efforts into the setting up of its coal trading and logistics operations at both the Ceke and Gants Mod border crossings. Ceke and Gants Mod are the two major border crossings for coal transportation at the Sino-Mongolian border in the coal-rich South Gobi region.

In June 2011, a non-wholly owned Mongolian subsidiary of the Group, Global Link Logistic LLC ("GLL"), entered into a coal transportation agreement with a Mongolian coal mining company, whereby GLL has agreed to transport the coal products from one of its coal mines to the unloading station near the Gants Mod border using heavy-duty trucks. In meeting its undertakings on the agreement, GLL purchased a fleet of heavy-duty trucks made for coal transportation and set up an operation camp site near the coal mine. GLL formally commenced its logistics operation after several successful test runs during the second half of the year. Towards the end of the year and after it has generated some cash flow from its operation, GLL made another capital investment to expand its fleet of heavy duty trucks to cope with the high level of demand for transportation services from its Mongolian trading partner.

A trial run for the Ceke operation (which involved both road and rail transportation) was carried out towards the end of the year in review. The Group purchased raw coal from Ceke which were transported by rail to Baotou, Inner Mongolia. The Group intends to have the raw coal washed and then sold to local end-users, including coal-fired power plants and steel factories, as the selling prices for washed coal are higher than that of raw coal. The trial run has not yet been completed as the washing process requires more time and resources during the winter months due to the extreme weather conditions. If the trial run is successful, the Group intends to dedicate more resources into this new line of business.

During the year, GLL's logistics business has already generated some revenue for the Group. We believe that the logistics business has good potentials in Mongolia as the country currently lacks robust logistics and supply-chain infrastructure and efficient transportation systems, however, we will need to invest more time and capital into this business before it can start generating significant profit for the Group.

Banking and finance systems integration services

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

The spillover effects of a robust economy in 2010 when China's GDP growth rate was at double digit, yielded a higher full year turnover for the Topasia Group in 2011. The Topasia Group managed to secure new equipment sales from two of its long-term banking customers as well as some additional revenue from the sales of ATM parts and postage mailing machines manufactured by Pitney Bowes Inc. including after-sales installation and maintenance services of those postage mailing machines. The competition within the ATM repair and maintenance business remains intense during the year but the Topasia Group was able to generate the similar level of maintenance revenue as the previous year due to its pool of loyal customers.

However, despite an increase in the full year revenue for the Topasia Group for 2011, the gross profit margin for the full year, declined as compared to last year due to intense price competition from manufacturers which further diminished gross margins. The rising trends of commodity prices and labor costs in the PRC in spite of the Government's measures to cool inflation, contributed to the Topasia Group's net loss position.

In 2011, the global economic condition has been very much affected by the European debt crisis. The PRC's economic condition too has started to see the effects of it with the Government's monetary tightening policy, funding being constrained and growth slowing down. The inflation rate, however, continued to rise. Corporate businesses in the PRC were finding it tougher to operate in such an economic environment and the TopAsia Group was also faced with the same pressure.

OUTLOOK

The Group has had to overcome many unpredictable challenges in its mining operations during the first half of 2011. During the second half of the year, the Group was able to get into pace with its production plans for the gold mining operation and it also started operating its logistics business, however, its iron mining operation remained stalled pending the resolution of the technical issues. Towards the end of the year, the Group was faced with certain financial obligations with the holders of its convertible loan notes, which put further pressure on the Group's resources for the operation of its businesses.

In 2012 and beyond, the Group expects to face further challenges including resolving the technical issues and obtaining the necessary approval of water usage from the local government for the required scale of operation at the Oyut Ovoo Mine. The Choir Project will also require more effort and additional resources to complete. The Group's newly invested coal trading and logistics businesses will help to diversify the Group's revenue stream and also strengthen the Group's financial position, however, these businesses are still in the early stages and will require more time and resources to be invested before they can make an impact on the Group's overall performance. The outlook for the Topasia Group is also uncertain as the inflationary pressures in the PRC continue to drag down corporate profitability. Furthermore, the financial obligation on the US$30M CB will be due for redemption towards the end of 2012, unless they have been fully converted or restructured.

While many challenges lie ahead, the Group believes that it will be able to weather these challenges and it hopes to steer the Group towards a more stable platform. The Group is currently engaged in active negotiations with various parties for the acquisition of new businesses and the disposal of certain slower performing assets of the Group including a restructuring of its convertible loan notes.

LIQUIDITY AND FINANCIAL RESOURCES

Gearing

At 31 December 2011, 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 0.69 as compared to approximately 0.24 as at 31 December 2010.

Liquidity

The Group had total and net cash and bank balances of approximately HK$33,573,000 as at 31 December 2011 (2010: approximately HK$259,086,000) as the Group did not have any bank borrowings (2010: nil).

As stated in Note 2 to the consolidated financial statements, 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 31 December 2011 was approximately HK$33,573,000 or equivalent to approximately USD4,304,000. However, given that the New Maturity Date is still some time away, the Company has adequate time to seek ways to enable the Group to fulfill its financial obligations.

Charges on Assets

As at 31 December 2011 and 31 December 2010, 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 from equity and/or debt financing activities. All financing methods will be considered so long as such methods are beneficial to shareholders as a whole. Subsidiaries in the PRC and Mongolia used shareholder funds and internally generated resources to finance their working capital requirements. Bank deposits are mainly in HK$, Renminbi ("RMB"), Mongolian Tugrik ("MNT") and USD.

Contingent Liabilities and capital commitments

The Group had no material contingent liabilities as at 31 December 2011 (2010: Nil).

The Group had no capital commitments for the acquisition of plant and machinery which were contracted but not provided for as at 31 December 2011 (2010: HK$18,453,000) and other commitments for an investment in a cooperation project which were contracted but not provided for totaling HK$6,552,000 as at 31 December 2011 (2010: HK$6,552,000).

Foreign exchange exposure

For the year ended 31 December 2011, the Group mainly earned revenue in RMB and MNT and incurred costs in HK$, RMB, MNT and USD. Although the Group did not have any foreign currency hedging policies, it did not foresee any significant currency exposure in the near future. However, any significant changes in the exchange rates of RMB against HK$, may have possible impact on the Group's results and financial positions.

Employee and remuneration policies

As at 31 December 2011, the Group employed approximately 230 full time employees in Mongolia, the PRC and Hong Kong. The Group remunerated its employees based on their performance, working experience and the prevailing market price. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

Subsequent Events

After the year end, the Company issued a circular to Shareholders dated 8 February 2012 (the "Circular") in relation to, among others, the proposed alteration of the terms of the US$30M CB, the proposed specific mandate (the "Specific Mandate") to be granted to the Directors to allot and issue additional conversion shares, which may be issued upon the full conversion of the US$30M CB at the adjusted conversion price of HK$0.27 per conversion share and the convening of a special general meeting on 23 February 2012 to vote on the resolutions. Please refer to the Circular for further details.

On 23 February 2012, the resolutions for the proposed alteration of the terms of the US$30M CB and the Specific Mandate were duly approved by Shareholders. The conversion price of the US$30M CB was adjusted from HK$1.30 to HK$0.27 per share with effect from 3 January 2012. The new and amended terms of the US$30M CB became effective on 5 March 2012 upon the satisfaction of all conditions precedent.

PURCHASE, SALE AND REDEMPTION OF SHARES

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

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 12 June 1999 with clear written terms of reference. For the year ended 31 December 2011 and as at the date of this announcement, the Audit Committee comprised three members, all of whom were Independent Non-Executive Directors. The composition of the Audit Committee as at the date of this announcement was Mr. Lim Yew Kong, John, (Chairman of the Audit Committee), Mr. Mak Ping Leung and Mr. Leung Po Wing, Bowen Joseph, *GBS, JP.* Mr. Lim Yew Kong, John, the Chairman of the Audit Committee is a qualified chartered accountant from the Institute of Chartered Accountants in England and Wales. None of the members is a partner or former partner of SHINEWING (HK) CPA Limited, the Company's external auditors.

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

The Audit Committee has reviewed the Group's audited financial statements for the year ended 31 December 2011, including the disclaimer of opinion in the auditor's report thereon, and has submitted its views to the Board of Directors.

Similar to last year, the Audit Committee and the Board of Directors accepted the Independent Auditor's report with a disclaimer of opinion as it was specifically due to the going concern issue related to the current financial obligations of the Company for the US$30M CB. In all other respects, the Independent Auditor's opinion was that the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2011, the Company has complied with the code provisions and recommended best practices of the Code except for certain deviations as set out below. The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the Code.

On 15 March 2011, Mr. Tse Michael Nam, the 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 which stipulates that the roles of the Chairman and 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 year, Mr. Tse fulfilled his responsibilities as 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. The Board considers that the appointment and removal of Directors are the collective decision of the Board and thus does not intend to adopt the recommended best practice under Code A.4.4 to establish a nomination committee. 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. During the year under review, there was no new appointment to the Board.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Model Code has been adopted as the code for Directors' securities transaction for the Company. After having made specific enquiry of all the Directors, each of the Directors confirmed that he had complied with the Model Code for the year ended 31 December 2011.

PUBLICATION OF DETAILED RESULTS

The 2011 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 dispatched to shareholders and published on the Stock Exchange's website: http://www.hkex.com.hk within the prescribed period. This announcement can also be accessed on the Company's website http://www.northasiaresources.com.

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

Hong Kong, 28 March, 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.

* *For identification only*