

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8080)

## THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2013

### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This announcement, for which the directors (the “Directors” or the “Board”) of North Asia Strategic Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

During the nine months ended 31st December 2013 (the “9-month period”), the Group recorded significant improvement in net profit performance by disposal of fishmeal joint venture and branded food business, compared with the corresponding period last year. Our management continues to execute portfolio strategic business plans to enhance company value and market positions by adding product and other new revenue streams, while managing costs and productivity.

## **HIGHLIGHTS**

### **NAS Financial Highlights**

#### ***9-Month***

- Unaudited consolidated net profit for the 9-month period was approximately HK\$52,156,000, versus an unaudited consolidated net profit of approximately HK\$14,639,000 in the corresponding period last year. This was mainly due to the recognition of gains on disposal of fishmeal joint venture and branded food business.
- During the 9-month period, the Group recorded an unaudited consolidated revenue of approximately HK\$789,318,000, representing an increase of approximately 35.3% from the corresponding period last year.
- Unaudited consolidated net asset value attributable to shareholders of the Company per ordinary share as at 31st December 2013 was approximately HK\$0.741, which reflected an increase of approximately HK\$0.026 from approximately HK\$0.715 as at 30th September 2013.

#### ***3-Month***

- Unaudited consolidated net profit attributable to shareholders of the Company for the three months ended 31st December 2013 (the “third quarter”) was approximately HK\$35,929,000, versus an unaudited consolidated net profit of approximately HK\$1,378,000 for the corresponding period last year. This was mainly due to the recognition of a gain on disposal of branded food business in the third quarter.
- During the third quarter, the Group recorded an unaudited consolidated revenue of approximately HK\$104,630,000, representing a decrease of approximately 53.4% from the corresponding period last year.

## **Division Financial Highlights**

### ***9-Month***

- During the 9-month period, unaudited consolidated revenue and profit generated from the hi-tech distribution and services division were approximately HK\$789,318,000 and HK\$15,347,000 respectively.
- The Group completed the disposal of branded food business on 31st October 2013 and recognised a disposal gain of approximately HK\$37,334,000 and the branded food business was deconsolidated thereafter. Apart from the gain on disposal, the Group recorded an unaudited net profit of approximately HK\$110,000 from branded food business during the 9-month period.

### ***3-Month***

- During the third quarter, unaudited consolidated revenue and profit generated from the hi-tech distribution and services division were approximately HK\$104,630,000 and HK\$4,849,000 respectively.

## RESULTS

The following are the unaudited condensed consolidated results of North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) and its joint ventures for the nine months and three months ended 31st December 2013 together with the comparative unaudited figures for the corresponding periods in 2012:

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the nine months ended		For the three months ended	
		2013	2012	2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)		(Restated)
<b>Continuing operations</b>					
Revenue	3	<b>789,318</b>	583,361	<b>104,630</b>	224,477
Cost of sales		<b>(686,190)</b>	(474,972)	<b>(77,347)</b>	(188,641)
Gross profit		<b>103,128</b>	108,389	<b>27,283</b>	35,836
Other income and gains, net		<b>1,638</b>	3,820	<b>556</b>	(744)
Selling and distribution expenses		<b>(53,727)</b>	(57,313)	<b>(12,329)</b>	(17,874)
General and administrative expenses		<b>(56,082)</b>	(45,559)	<b>(15,704)</b>	(14,843)
Gain on disposal of joint ventures		<b>9,080</b>	—	—	—
Gain on disposal of a discontinued operation		<b>37,334</b>	—	<b>37,334</b>	—
Operating profit		<b>41,371</b>	9,337	<b>37,140</b>	2,375
Finance income	4	<b>2,207</b>	3,252	<b>856</b>	863
Finance costs	4	<b>(110)</b>	(1,679)	<b>(15)</b>	(27)
Share of profits and losses of joint ventures	6	<b>11,283</b>	2,837	—	(2,732)
Profit before income tax		<b>54,751</b>	13,747	<b>37,981</b>	479
Income tax expense	5	<b>(2,705)</b>	(4,354)	<b>(1,027)</b>	(1,568)
Profit/(loss) for the period from continuing operations		<b>52,046</b>	9,393	<b>36,954</b>	(1,089)

	Notes	For the nine months ended 31st December		For the three months ended 31st December	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
<b>Discontinued operation</b>					
Profit/(loss) for the period from a discontinued operation	7	<u>110</u>	<u>5,246</u>	<u>(1,025)</u>	<u>2,467</u>
Profit for the period		<u><b>52,156</b></u>	<u>14,639</u>	<u><b>35,929</b></u>	<u>1,378</u>
Earnings per share attributable to shareholders of the Company	8		(Restated)		(Restated)
Basic and diluted					
— For profit for the period (HK cents)		<u>3.88</u>	<u>1.09</u>	<u>2.67</u>	<u>0.10</u>
— For profit/(loss) for the period from continuing operations (HK cents)		<u>3.87</u>	<u>0.70</u>	<u>2.75</u>	<u>(0.08)</u>

Details of the dividends are disclosed in note 9 to this announcement.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**

	For the nine months ended		For the three months ended	
	31st December		31st December	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		(Restated)		(Restated)
Profit for the period	<u>52,156</u>	<u>14,639</u>	<u>35,929</u>	<u>1,378</u>
Other comprehensive income/(loss):				
Items to be reclassified to profit or loss in subsequent periods:				
Currency translation difference:				
Currency translation differences of foreign operations	679	437	117	227
Reclassification adjustment for exchange differences include in the condensed consolidated statement of profit or loss upon disposal of joint ventures	(32,289)	—	—	—
Share of other comprehensive income of joint ventures	<u>3,545</u>	<u>293</u>	<u>—</u>	<u>1,542</u>
Other comprehensive income/(loss) for the period, net of income tax of nil	<u>(28,065)</u>	<u>730</u>	<u>117</u>	<u>1,769</u>
Total comprehensive income for the period	<u><u>24,091</u></u>	<u><u>15,369</u></u>	<u><u>36,046</u></u>	<u><u>3,147</u></u>

Notes:

## 1. GENERAL INFORMATION

The Group is principally engaged in the following businesses:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **branded food:** developing and operating Burger King restaurants in Hong Kong (discontinued on 31st October 2013);
- **fishmeal, fish oil and aquatic products:** refining and sale of fish oil, processing and sale of fishmeal, manufacturing and sale of aquatic feed products, aquaculture and processing and sale of aquatic products (disposed of on 19th September 2013); and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the “Companies Act”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is Suite 1318, 13th Floor, Two Pacific Place, 88 Queensway, Hong Kong.

The Company’s ordinary shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This announcement is presented in Hong Kong dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

This announcement has been approved for issue by the Company’s Board of Directors on 10th February 2014.

## 2. BASIS OF PREPARATION

This announcement has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

This announcement does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st March 2013.

During the year ended 31st March 2013, the Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time:

HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>

These five HKFRSs have been adopted retrospectively and the impact on the unaudited condensed consolidated income statement for the nine months and three months ended 31st December 2012 is set out below:

	For the nine months ended 31st December 2012 HK\$ '000	For the three months ended 31st December 2012 HK\$ '000
Decrease in revenue	(478,796)	(103,446)
Decrease in cost of sales	416,164	85,181
Decrease in other income and gains, net	(2,188)	(4,267)
Decrease in selling and distribution expenses	11,806	3,033
Decrease in general and administrative expenses	29,407	14,416
Decrease in finance income	(1,917)	(453)
Decrease in finance costs	12,961	4,427
Decrease in income tax expense	9,297	3,713
Increase/(decrease) in share of profits and losses of joint ventures	2,837	(2,732)
Decrease in profit	<u>(429)</u>	<u>(128)</u>
Decrease in profit attributable to non-controlling interests	<u>(429)</u>	<u>(128)</u>

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2013, except for the adoption of the following new and revised standards and interpretations for the first time for the current period's financial information:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i>
HK(IFRIC)-Int 20 <i>Annual Improvements 2009 — 2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised standards and interpretations has had no significant impact on the Group.



### 3. TURNOVER AND REVENUE

Turnover represents sales of goods, commission and other service income. The amounts of each category of revenue recognised during the period from continuing operations are as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)
Sales of goods	777,288	534,840	97,286	209,632
Commission and other service income	12,030	48,521	7,344	14,845
	<b>789,318</b>	<b>583,361</b>	<b>104,630</b>	<b>224,477</b>

### 4. FINANCE INCOME AND COSTS

An analysis of finance income and costs from continuing operations is as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)
<b>Finance income:</b>				
Interest income from bank deposits	1,846	3,252	856	863
Net foreign exchange gains on financing activities	361	—	—	—
	<b>2,207</b>	<b>3,252</b>	<b>856</b>	<b>863</b>
<b>Finance costs:</b>				
Interest on bank loans	110	480	15	27
Net foreign exchange losses on financing activities	—	1,199	—	—
	<b>110</b>	<b>1,679</b>	<b>15</b>	<b>27</b>

## 5. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2012: 25%).

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

The amounts of income tax expense recorded in the unaudited condensed consolidated statement of profit or loss from continuing operations represent:

	For the nine months ended 31st December		For the three months ended 31st December	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Current taxation				
Hong Kong profits tax				
— current period	2,312	4,222	918	1,464
Mainland China enterprise income tax				
— current period	378	171	118	143
Deferred taxation	15	(39)	(9)	(39)
	<u>2,705</u>	<u>4,354</u>	<u>1,027</u>	<u>1,568</u>

## 6. DISPOSAL OF INVESTMENT IN JOINT VENTURES

On 8th July 2013, the Group entered into an agreement (the “Agreement”) to dispose of its 100% of preferred shares of Coland Group Limited (“Coland”) (the “Transaction”). Details of the Transaction are disclosed in the Company’s announcement dated 8th July 2013 and the Company’s circular dated 12th August 2013. The disposal of Coland was completed on 19th September 2013.

With the disposal of Coland, the results from Coland will no longer be included in the Group’s results subsequent to the completion of disposal.

The shared revenue and expenses of Coland up to the completion date of disposal are set out as below:

	<b>For the nine months ended 31st December</b>		For the three months ended
	<b>2013</b>	2012	31st December
	<b>HK\$'000</b>	HK\$'000	2012
	<b>(Unaudited)</b>	(Unaudited)	(Unaudited)
Revenue	<b>282,032</b>	478,796	103,446
Expenses	<b>(270,354)</b>	(466,233)	(102,337)
Profit before tax	<b>11,678</b>	12,563	1,109
Income tax expense	<b>(374)</b>	(9,297)	(3,713)
Non-controlling interests	<b>(21)</b>	(429)	(128)
Profit/(loss) for the period	<b>11,283</b>	2,837	(2,732)
Other comprehensive income	<b>3,545</b>	293	1,542
Total comprehensive income/(loss) for the period	<b>14,828</b>	3,130	(1,190)

## 7. DISCONTINUED OPERATION

On 29th August 2013, the Group entered into a sale and purchase agreement to dispose of its entire interests in Smart Tactic Limited and its subsidiaries (“Smart Tactic Group”). Smart Tactic Group engages in branded food operation. The Group decided to cease its branded food operation because this enabled the Group to reserve more resources on its hi-tech distribution and services operation and explore future investment opportunities to enhance shareholders’ value. Details are disclosed in the Company’s announcement dated 29th August 2013. The disposal of Smart Tactic Group was completed on 31st October 2013.

With the disposal of Smart Tactic Group, the results from Smart Tactic Group will no longer be included in the Group’s results subsequent to the completion of disposal.

The unaudited consolidated results of Smart Tactic Group up to the completion date of disposal are set out as below:

	For the nine months ended 31st December		For the three months ended 31st December	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Revenue	<b>59,802</b>	94,122	<b>7,480</b>	29,246
Expenses	<b>(58,633)</b>	(85,874)	<b>(8,444)</b>	(26,771)
Finance costs	<b>(1,059)</b>	(3,002)	<b>(61)</b>	(8)
Profit/(loss) before tax from the discontinued operation	<b>110</b>	5,246	<b>(1,025)</b>	2,467
Income tax expense	—	—	—	—
Profit/(loss) for the period from the discontinued operation	<b>110</b>	5,246	<b>(1,025)</b>	2,467

The calculations of basic and diluted earnings/(loss) per share from the discontinued operation are based on:

	For the nine months ended 31st December		For the three months ended 31st December	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation ( <i>HK\$'000</i> )	<b>110</b>	5,246	<b>(1,025)</b>	2,467
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>1,345,938,948</b>	1,345,939,967	<b>1,345,938,948</b>	1,345,938,948
Earnings/(loss) per share from the discontinued operation Basic and diluted ( <i>HK cents</i> )	<b>0.01</b>	0.39	<b>(0.08)</b>	0.18

## 8. EARNINGS PER SHARE

### Basic earnings/(loss) per share

Basic earnings per share is calculated by dividing the Group's profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the nine months ended 31st December					
	2013			2012		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Profit attributable to shareholders of the Company (HK\$'000)	<u>52,046</u>	<u>110</u>	<u>52,156</u>	9,393	5,246	14,639
				(Restated)	(Restated)	(Restated)
Weighted average number of ordinary shares in issue*	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,939,967</u>	<u>1,345,939,967</u>	<u>1,345,939,967</u>
Basic earnings per share (HK cents)	<u>3.87</u>	<u>0.01</u>	<u>3.88</u>	0.70	0.39	1.09

	For the three months ended 31st December					
	2013			2012		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>36,954</u>	<u>(1,025)</u>	<u>35,929</u>	(1,089)	2,467	1,378
				(Restated)	(Restated)	(Restated)
Weighted average number of ordinary shares in issue*	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>
Basic earnings/(loss) per share (HK cents)	<u>2.75</u>	<u>(0.08)</u>	<u>2.67</u>	(0.08)	0.18	0.10

\* The weighted average number of ordinary shares for the nine months and three months ended 31st December 2012 has been adjusted for the Capital Reorganisation (as defined in the Group's announcement and circular dated 13th July 2012 and 16th August 2012 respectively) taken place on 17th September 2012.

## Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the nine months and three months ended 31st December 2013 and 2012 as the Group did not have any potentially dilutive ordinary shares in issue during these periods.

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2013.

On 9th August 2012, the Board proposed a special dividend of HK2 cents per ordinary share before Capital Reorganisation (equivalent to HK20 cents per Consolidated Share after the Capital Reorganisation became effective on 17th September 2012), approximately HK\$269,188,000 in aggregate. This special dividend was approved by the Company's shareholders at the special general meeting of the Company held on 14th September 2012. This special dividend was paid on 9th October 2012 to shareholders whose names appeared on the Register of Members of the Company on 27th September 2012.

## 10. EQUITY

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital	Other reserves	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balances at 1st April 2013	13,459	1,122,294	(162,106)	973,647
Profit for the period	—	—	52,156	52,156
Currency translation differences of foreign operations	—	679	—	679
Reclassification adjustment for exchange differences included in the condensed consolidated statement of profit or loss statement upon the disposal of joint ventures	—	(32,289)	—	(32,289)
Share of other comprehensive income of joint ventures	—	3,545	—	3,545
Total comprehensive income/(loss) for the period	—	(28,065)	52,156	24,091
Balances at 31st December 2013	<u>13,459</u>	<u>1,094,229</u>	<u>(109,950)</u>	<u>997,738</u>

(Unaudited)

	Attributable to shareholders of the Company			Sub-total HK\$ '000	Non-controlling interests HK\$ '000	Total HK\$ '000
	Share capital HK\$ '000 (note (i))	Other reserves HK\$ '000	Accumulated losses HK\$ '000			
Balances at 1st April 2012						
As previously reported	134,660	1,269,062	(128,411)	1,275,311	5,207	1,280,518
Effects of early adoption of HKFRSs	—	—	—	—	(5,207)	(5,207)
As restated	134,660	1,269,062	(128,411)	1,275,311	—	1,275,311
Profit for the period	—	—	14,639	14,639	—	14,639
Other comprehensive loss:						
Currency translation differences of foreign operations (restated)	—	437	—	437	—	437
Share of other comprehensive loss of joint ventures (restated)	—	293	—	293	—	293
Total comprehensive income for the period	—	730	14,639	15,369	—	15,369
Share repurchase – note (i)(a)	—	(54)	—	(54)	—	(54)
Cancellation of shares repurchased – note (i)(a)	(66)	258	(204)	(12)	—	(12)
Capital reduction – note (i)(b)	(121,135)	121,135	—	—	—	—
Special dividend (note 9)	—	(269,188)	—	(269,188)	—	(269,188)
Balances at 31st December 2012	13,459	1,121,943	(113,976)	1,021,426	—	1,021,426

Note:

- (i) A summary of the transactions during the nine months ended 31st December 2012 with reference to the above movements in the Company's number of ordinary shares is as follows:

	Number of shares '000
Issued:	
At 1st April 2012	13,465,959
Cancellation of shares repurchased (note a)	(6,570)
Share consolidation (note b)	(12,113,450)
At 31st December 2012	<u>1,345,939</u>

- (a) During the nine months ended 31st December 2012 and prior to the Capital Reorganisation, the Company repurchased a total of 1,400,000 ordinary shares of the Company on the Stock Exchange and a total of 6,570,000 shares were cancelled by the Company.
- (b) Pursuant to the special resolution passed on 14th September 2012, the Capital Reorganisation was effective on 17th September 2012 as follows:
  - (1) share consolidation, whereby every 10 issued shares of HK\$0.01 each were consolidated into 1 ordinary share of HK\$0.10 (the “Consolidated Share”);
  - (2) capital reduction, whereby the par value of each issued Consolidated Share was reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 of the paid-up capital on each issued Consolidated Share and the total number of Consolidated Shares was rounded down to a whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the share consolidation; and
  - (3) The credit arising from the capital reduction was transferred to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to compliance with the Companies Act.

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the nine months ended 31st December 2013 (the “9-month period”), the Group recorded an unaudited consolidated revenue of approximately HK\$789,318,000, up 35.3% compared with approximately HK\$583,361,000 (restated) in the corresponding period last year. Unaudited consolidated net profit attributable to the shareholders of the Company for the 9-month period was approximately HK\$52,156,000, up 256% compared with approximately HK\$14,639,000 in the corresponding period last year. Increase in net profit was mainly due to the recognition of a gain of approximately HK\$9,080,000 on disposal of fishmeal joint venture and a gain of approximately HK\$37,334,000 on disposal of branded food business.

Below is a summary of financial and business highlights of each major business division. The unaudited profit/loss figures disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

### **Hi-tech Distribution and Services Division**

Our hi-tech distribution and services division conducted business through our wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the distribution, sales and service of surface mount technology (“SMT”) equipment, with a history of more than 25 years serving its customers in the hi-technology sector. Our team of more than 240 engineers and customer care staff are located in more than 25 cities in China, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. We are especially well positioned with the growing base of Chinese manufacturers. Our suppliers



include leading equipment and solutions manufacturers from Asia, the United States and Europe. With its leading market position, American Tec signed new distribution and service agreements with leading SMT and software suppliers during the 9-month period to complement our major partnership with Fuji Machine Mfg. Co., Ltd. to offer a comprehensive and competitive SMT solution.

During the 9-month period, this division registered an increase of 35.3% of unaudited revenue of approximately HK\$789,318,000 compared with approximately HK\$583,361,000 in the corresponding period last year and recorded an unaudited profits of approximately HK\$15,347,000, down 12% compared with approximately HK\$17,448,000 in the corresponding period last year. This year on year increase in revenue was mainly due to the net effect of increase in machinery sales of approximately HK\$242,448,000 and a reduction of commission income of approximately HK\$37,731,000. Management had implemented a number of cost control programs, improved service income and got higher margin contributions from sales of peripheral equipment sourced from new signed suppliers in the 9-month period.

During the third quarter, although the division recorded an unaudited revenue of approximately HK\$104,630,000, which represents a decline of 53.4% from approximately HK\$224,477,000 in the corresponding period last year or a decline of 71.9% from approximately HK\$372,916,000 in the previous quarter, the division still managed to achieve an unaudited net profit of approximately HK\$4,849,000 in the third quarter, down 7.7% compared with approximately HK\$5,253,000 in the corresponding period last year. The decrease in revenue and net profits were due to the substantial drop on customer demand for SMT equipment across the sector during the third quarter.

### **Discontinued operation**

The Group completed the disposal of branded food business on 31st October 2013 and recognised a disposal gain of HK\$37,334,000 and the branded food business was deconsolidated thereafter. Apart from the gain on disposal, the Group had recorded an unaudited net gain of approximately HK\$110,000 from branded food business during the 9-month period.

## **OUTLOOK**

### **Overall Summary**

We expect the volatility in the global economy to continue in the rest of the current fiscal year. This will continue to offer various challenges to our business in the coming quarter, ranging from cautious customer demand to pressure on margins. Our focus will be to manage cash, costs and risks and, to build our strength during these times by working with our management teams to improve capability and efficiency. Following the disposal of fishmeal joint venture and branded food business, the Group will strive to improve the performance of its hi-tech distribution and services operation and, at the same time, explore future investment opportunities to enhance shareholders' value.

## Hi-tech Distribution and Services Division

In the near term and with the industry heading into the post festive cycle, we expect that our customers will exercise cautions in reviewing their capital investment plan and firm up new demands for the year. Competitions and price reduction pressure continue to take toll on most of manufacturers and this will have some impacts on our revenue and margins. However, the increasing demand for automation to achieve higher productivity and efficiency also presents a new business opportunity for the group. The continued labour crunch and shortages faced by the industry have also created the need and business opportunity for service outsourcing. In order to minimize the impact from the maturing and increasingly competitive SMT industry, and to strengthen our leading position in the industry and maintain healthy growth, we will continue to focus on strengthening the following areas: (i) accelerating the growth of revenue streams from services, (ii) introduction of new products and solutions that yield higher margins and (iii) extension to alternative market segments such as applied electronics, automation and software. At the same time, we will also continue to monitor our working capital, constantly review gross margin contribution from each product, manage operating costs and foreign exchange risk closely with a view to protect our cash flow and profitability.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2013, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
Ding Yi	Beneficial owner	402,445,296	29.90%

Save as disclosed above, as at 31st December 2013, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

## INTERESTS OR SHORT POSITIONS OF OTHER PERSONS

As at 31st December 2013, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

### Long positions in the shares of the Company

#### *Other shareholders of the Company*

Name	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	7.89%
United Overseas Bank Limited	Beneficial owner	69,457,701	5.16%

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 31st December 2013.

## SHARE OPTION SCHEME

No share options have been granted by the Company pursuant to a share option scheme adopted on 10th June 2002, which was expired on 10th June 2012 (the “2002 Scheme”). After the expiry of the 2002 Scheme, the Company has not adopted any new share option scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 31st December 2013, no share options have been granted pursuant to the Best Creation Scheme.

## COMPETING INTERESTS

As at 31st December 2013, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## **PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the nine months ended 31st December 2013.

## **CORPORATE GOVERNANCE CODE**

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during nine months ended 31st December 2013, acting in compliance with the Code.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board's decisions are implemented under the leadership of the Chairman with the involvement and support of the chief executive officer(s) and general manager(s) of the Company's operating companies. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, Mr. James Tsiolis, Non-executive Director elected by the shareholders at the general meeting of the Company has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meetings in accordance with the bye-laws of the Company.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three Independent Non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the nine months ended 31st December 2013 of the Company now reported on have been reviewed by the audit committee.

On behalf of the Board  
**North Asia Strategic Holdings Limited**  
**Ding Yi**  
*Chairman and Executive Director*

Hong Kong, 10th February 2014

*As at the date of this announcement, the Board comprises Mr. Ding Yi (Chairman and Executive Director); Mr. James Tsiolis (Deputy Chairman and Non-executive Director) and Mr. Joseph Chan Nap Kee (Non-executive Director); and Mr. Stephen Luk Kai Ming, Mr. Kenneth Kon Hiu King and Mr. Joseph Liang Hsien Tse (Independent Non-executive Directors).*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least seven days from the date of its posting and on the Company’s website at [www.nasholdings.com](http://www.nasholdings.com).*