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## **NORTH ASIA STRATEGIC HOLDINGS LIMITED**

**北亞策略控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8080)**

### **ANNOUNCEMENT OF**

#### **(i) INTERIM RESULTS**

**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2014;**

**(ii) CLOSURE OF REGISTER OF MEMBERS;**

**(iii) APPOINTMENT OF EXECUTIVE DIRECTOR AND**

**ADDITIONAL OF MEMBERS OF VARIOUS BOARD COMMITTEES;**

**AND (iv) SUPPLEMENTAL INFORMATION**

#### **HIGHLIGHTS ON INTERIM RESULTS**

During the half-year period, the Group recorded an unaudited consolidated revenue of approximately HK\$630,613,000, with an unaudited consolidated net profit of approximately HK\$3,676,000.

#### **SPECIAL DIVIDEND**

On 6th November 2014, the Board declared a special dividend of HK\$0.013 per ordinary share, approximately HK\$20,995,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 25th November 2014.

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of the members of the Company will be closed from Friday, 21st November 2014 to Tuesday, 25th November 2014, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20th November 2014.

#### **APPOINTMENT OF EXECUTIVE DIRECTOR AND ADDITIONAL OF MEMBERS OF VARIOUS BOARD COMMITTEES**

The Board of the Company announces that Ms. Zhang Yifan has been appointed as an Executive Director of the Company with effect from 6th November 2014. Ms. Zhang has also been appointed as an additional member of the Nomination Committee and Remuneration Committee of the Company on the same date.

\* For identification purpose only

## **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.**

## RESULTS

The Board of directors (the “Board” or the “Directors”) of North Asia Strategic Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th September 2014, together with the comparative unaudited figures of the corresponding period in 2013.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September		For the three months ended 30th September	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
<b>Continuing operations</b>					
Revenue	3	630,613	684,688	371,635	372,917
Cost of sales		<u>(551,291)</u>	<u>(608,843)</u>	<u>(326,461)</u>	<u>(331,714)</u>
Gross profit		79,322	75,845	45,174	41,203
Other income and gains, net		938	1,082	755	(479)
Selling and distribution expenses		(42,171)	(41,398)	(23,966)	(21,037)
General and administrative expenses		(35,456)	(40,378)	(18,736)	(20,277)
Gain on disposal of joint ventures		—	9,080	—	9,080
Operating profit		2,633	4,231	3,227	8,490
Finance income	4	3,747	1,351	1,874	624
Finance costs	4	(19)	(95)	(8)	(31)
Share of profits and loss of joint ventures	6	—	11,283	—	10,521
Profit before income tax		6,361	16,770	5,093	19,604
Income tax expense	5	<u>(2,685)</u>	<u>(1,678)</u>	<u>(1,577)</u>	<u>(1,015)</u>
Profit for the period from continuing operations		3,676	15,092	3,516	18,589
<b>Discontinued operation</b>					
Profit/(loss) for the period from a discontinued operation	7	—	1,135	—	(780)
Profit for the period		<u>3,676</u>	<u>16,227</u>	<u>3,516</u>	<u>17,809</u>

	Note	For the six months ended 30th September		For the three months ended 30th September	
		2014 <b>(Unaudited)</b>	2013 (Unaudited)	2014 <b>(Unaudited)</b>	2013 (Unaudited)
Earnings per share attributable to shareholders of the Company	8				
Basic					
— For profit for the period ( <i>HK cents</i> )		<u><b>0.26</b></u>	<u>1.21</u>	<u><b>0.23</b></u>	<u>1.32</u>
— For profit for the period from continuing operations ( <i>HK cents</i> )		<u><b>0.26</b></u>	<u>1.12</u>	<u><b>0.23</b></u>	<u>1.38</u>
Diluted					
— For profit for the period ( <i>HK cents</i> )		<u><b>0.25</b></u>	<u>1.21</u>	<u><b>0.22</b></u>	<u>1.32</u>
— For profit for the period from continuing operations ( <i>HK cents</i> )		<u><b>0.25</b></u>	<u>1.12</u>	<u><b>0.22</b></u>	<u>1.38</u>

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the six months ended 30th September		For the three months ended 30th September	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	<u>3,676</u>	<u>16,227</u>	<u>3,516</u>	<u>17,809</u>
<b>OTHER COMPREHENSIVE INCOME</b>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Currency translation differences:				
Currency translation differences of foreign operations				
	204	562	322	150
Reclassification adjustment for exchange differences included in profit or loss upon disposal of joint ventures				
	—	(32,289)	—	(32,289)
Share of other comprehensive income of joint ventures				
	<u>—</u>	<u>3,545</u>	<u>—</u>	<u>938</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX OF NIL</b>				
	<u>204</u>	<u>(28,182)</u>	<u>322</u>	<u>(31,201)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>				
	<u><u>3,880</u></u>	<u><u>(11,955)</u></u>	<u><u>3,838</u></u>	<u><u>(13,392)</u></u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	8,511	6,373
Intangible assets	<i>10</i>	619,818	373,692
Notes receivable	<i>11</i>	—	45,583
Other non-current assets		<u>1,583</u>	<u>1,710</u>
		<u>629,912</u>	<u>427,358</u>
<b>Current assets</b>			
Inventories		4,093	2,120
Notes receivable	<i>11</i>	46,301	46,644
Trade and other receivables	<i>12</i>	145,404	66,663
Cash and cash equivalents		<u>531,516</u>	<u>572,500</u>
		<u>727,314</u>	<u>687,927</u>
<b>Total assets</b>		<u><u>1,357,226</u></u>	<u><u>1,115,285</u></u>

		As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	15	16,150	13,459
Reserves	15	<u>1,040,262</u>	<u>979,073</u>
<b>Total equity</b>		<b><u>1,056,412</u></b>	<b><u>992,532</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank borrowing		1,400	2,600
Trade and other payables	13	218,162	114,224
Derivative component of convertible bond	14	16,306	—
Income tax liabilities		<u>7,952</u>	<u>5,093</u>
		<b><u>243,820</u></b>	<b><u>121,917</u></b>
<b>Non-current liabilities</b>			
Liability component of convertible bond	14	56,147	—
Deferred tax liabilities		399	438
Other non-current liabilities		<u>448</u>	<u>398</u>
		<b><u>56,994</u></b>	<b><u>836</u></b>
<b>Total liabilities</b>		<b><u>300,814</u></b>	<b><u>122,753</u></b>
<b>Total equity and liabilities</b>		<b><u>1,357,226</u></b>	<b><u>1,115,285</u></b>
<b>Net current assets</b>		<b><u>483,494</u></b>	<b><u>566,010</u></b>
<b>Total assets less current liabilities</b>		<b><u>1,113,406</u></b>	<b><u>993,368</u></b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)		
	Attributable to shareholders of the Company		
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2013	13,459	960,188	973,647
<b>Comprehensive income</b>			
Profit for the period	—	16,227	16,227
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	562	562
Reclassification adjustments for exchange differences include in profit or loss upon the disposal of joint ventures	—	(32,289)	(32,289)
Share of other comprehensive income of joint ventures	—	3,545	3,545
Total other comprehensive income	—	(28,182)	(28,182)
<b>Total comprehensive income for the period</b>	—	(11,955)	(11,955)
Balances at 30th September 2013	13,459	948,233	961,692
<b>Balances at 1st April 2014</b>	<b>13,459</b>	<b>979,073</b>	<b>992,532</b>
<b>Comprehensive income</b>			
Profit for the period	—	3,676	3,676
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	204	204
Total other comprehensive income	—	204	204
<b>Total comprehensive income for the period</b>	—	<b>3,880</b>	<b>3,880</b>
Issue of Consideration Shares for a business combination ( <i>note 15</i> )	2,691	57,309	60,000
<b>Balances at 30th September 2014</b>	<b>16,150</b>	<b>1,040,262</b>	<b>1,056,412</b>



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	42,616	(14,781)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property, plant and equipment	(2,470)	(4,192)
Acquisition of subsidiaries	(129,680)	—
Receipt of notes receivable	46,644	—
Proceeds from disposal of joint ventures	—	38,419
Others	3,106	4,361
Net cash generated from/(used in) investing activities	(82,400)	38,588
Net cash used in financing activities	(1,200)	(1,233)
Increase/(decrease) in cash and cash equivalents	(40,984)	22,574
Cash and cash equivalents at 1st April	572,500	556,251
Cash and cash equivalents at 30th September	<u>531,516</u>	<u>578,825</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash at banks, other time deposits and cash on hand	531,516	226,474
Non-pledged time deposits with original maturity of three months or less when acquired	—	345,115
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	531,516	571,589
Time deposits with original maturity of less than three months when acquired, pledged as security for trade financing facilities	—	3,646
Cash attributable to a discontinued operation	—	3,590
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of cash flows	<u>531,516</u>	<u>578,825</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;
- **mining consulting:** provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects; 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 (“HK\$”) 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 6th November 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 2014.

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 2014, except for the adoption of (i) accounting for convertible bond and (ii) the new and revised standards and interpretations for the first time for the current period's financial information, as further explained below:

**(i) Convertible bond**

The component of convertible bond that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bond exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

**(ii) New and revised standards and interpretations**

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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

### 3 TURNOVER, REVENUE AND SEGMENT INFORMATION

#### 3.1 Turnover and revenue

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

	For the six months ended 30th September		For the three months ended 30th September	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Sales of goods	622,093	680,002	365,786	371,693
Commission and other service income	4,944	4,686	2,273	1,224
Consulting fee income	3,576	—	3,576	—
	<u>630,613</u>	<u>684,688</u>	<u>371,635</u>	<u>372,917</u>

#### 3.2 Operating segment information

For management purpose, the Group is organised into two major reportable operating segments — hi-tech distribution and services, and mining consulting. The hi-tech distribution and services operating segment derives revenue from the sale of goods, commission and other service income. The mining consulting operating segment derives revenue from consulting fee income received for advisory services and valuation services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that finance income, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, intangible assets, other non-current assets, inventories, notes receivable and trade and other receivables. Unallocated assets comprise pledged bank deposits, cash and cash equivalents and corporate and others.

Segment liabilities consist primarily of trade and other payables and other non-current liabilities. Unallocated liabilities comprise deferred tax liabilities, income tax liabilities, borrowings and corporate and others.

Capital expenditure comprises additions to property, plant and equipment.

**Six months ended 30th September 2014**  
**(Unaudited)**

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Mining consulting operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Revenue			
— Sales to external customers	<u>627,037</u>	<u>3,576</u>	<u>630,613</u>
Segment results	<u>14,609</u>	<u>216</u>	14,825
Finance income			3,747
Finance costs			(19)
Corporate and other unallocated expenses			<u>(12,192)</u>
Profit before income tax			6,361
Income tax expense			<u>(2,685)</u>
Profit for the period			<u>3,676</u>
Capital expenditure:			
Segment assets	1,937	514	2,451
Corporate and other unallocated capital expenditure			<u>19</u>
			<u>2,470</u>
Depreciation:			
Segment assets	1,497	77	1,574
Corporate and other unallocated depreciation			<u>434</u>
			<u>2,008</u>

Six months ended 30th September 2013  
(Unaudited)

	Hi-tech distribution and services operation <i>HK\$'000</i>	Fishmeal, fish oil and aquatic products operation (disposed of on 19th September 2013) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	<u>684,688</u>	<u>—</u>	<u>684,688</u>
Segment results	<u>11,870</u>	<u>11,283</u>	23,153
Finance income			1,351
Finance costs			(95)
Corporate and other unallocated expenses			<u>(7,639)</u>
Profit before income tax			16,770
Income tax expense			<u>(1,678)</u>
Profit for the period from continuing operations			15,092
Profit for the period from a discontinued operation ( <i>note 7</i> )			<u>1,135</u>
Profit for the period			<u>16,227</u>
Capital expenditure:			
Segment assets	1,048	—	1,048
Corporate and other unallocated capital expenditure			<u>2,168</u>
			<u>3,216</u>
Depreciation:			
Segment assets	1,689	—	1,689
Corporate and other unallocated depreciation			<u>557</u>
			<u>2,246</u>

The segment assets at the end of the reporting period are as follows:

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Mining consulting operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>As at 30th September 2014 (Unaudited)</b>			
Segment assets	505,294	271,026	776,320
Unallocated assets:			
Notes receivable			46,301
Cash and cash equivalents			531,516
Corporate and others			3,089
			<hr/>
Total assets per the unaudited condensed consolidated statement of financial position			<b>1,357,226</b>
			<hr/> <hr/>

	<b>Hi-tech distribution and services operation <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>As at 31st March 2014 (Audited)</b>		
Segment assets	447,146	447,146
Unallocated assets:		
Notes receivable		92,227
Cash and cash equivalents		572,500
Corporate and others		3,412
		<hr/>
Total assets per the unaudited condensed consolidated statement of financial position		<b>1,115,285</b>
		<hr/> <hr/>

## Geographical information

### (a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Revenue by geographical location is determined on the basis of the destination of shipment of goods for the hi-tech distribution, the location of consulting service performed by the mining consulting segment as well as the location of service performed by the branded food segment (discontinued operation).

The following table provides an analysis of the Group's revenue by geographical location:

	For the six months ended 30th September 2014 HK\$'000 (Unaudited)			For the six months ended 30th September 2013 HK\$'000 (Unaudited)		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Hong Kong	—	—	—	—	52,322	52,322
Mainland China	620,185	—	620,185	667,469	—	667,469
Asia — Others	10,428	—	10,428	17,219	—	17,219
Total revenue	<u>630,613</u>	<u>—</u>	<u>630,613</u>	<u>684,688</u>	<u>52,322</u>	<u>737,010</u>

### (b) Non-current assets

The non-current assets information is based on the location of assets and exclude financial instruments.

The following table provides an analysis of the Group's non-current assets as at the end of the reporting period by geographical location:

	As at 30th September 2014 HK\$'000 (Unaudited)	As at 31st March 2014 HK\$'000 (Audited)
Hong Kong	629,161	381,399
Mainland China	190	181
Asia — Others	561	195
	<u>629,912</u>	<u>381,775</u>

### Information about major customers

During the six months ended 30th September 2014, revenue from continuing operations of approximately HK\$73,756,000 (2013: HK\$163,729,000) was derived from sales by the hi-tech distribution and services operating segment to a single customer.



#### 4 FINANCE INCOME AND COSTS

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

	For the six months ended 30th September		For the three months ended 30th September	
	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)
<b>Finance income:</b>				
Interest income from bank deposits	2,405	990	1,203	624
Interest income from notes receivable	468	—	234	—
Interest in discounted amounts arising from the passage of time	874	—	437	—
Net foreign exchange gains on financing activities	—	361	—	—
	<u>3,747</u>	<u>1,351</u>	<u>1,874</u>	<u>624</u>
<b>Finance costs:</b>				
Interest on bank loans	<u>19</u>	<u>95</u>	<u>8</u>	<u>31</u>

#### 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% (2013: 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% (2013: 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 six months ended 30th September		For the three months ended 30th September	
	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	2,577	1,394	1,551	766
Mainland China enterprise income tax				
— current period	108	260	26	225
Deferred taxation	—	24	—	24
	<u>2,685</u>	<u>1,678</u>	<u>1,577</u>	<u>1,015</u>

## 6 DISPOSAL OF INVESTMENT IN JOINT VENTURES

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

Upon the completion of the disposal of Coland on 19th September 2013, the results from Coland were no longer included in the Group’s results since then.

The unaudited shared revenue and expenses of Coland for the period ended 30th September 2013 are set out as below:

	For the six months ended 30th September 2013 <i>HK\$’000</i> (Unaudited)	For the three months ended 30th September 2013 <i>HK\$’000</i> (Unaudited)
Revenue	282,032	172,027
Expenses	<u>(270,354)</u>	<u>(162,691)</u>
Profit before tax	11,678	9,336
Income tax expense	(374)	1,230
Non-controlling interests	<u>(21)</u>	<u>(45)</u>
Profit for the period	11,283	10,521
Other comprehensive income	<u>3,545</u>	<u>938</u>
Total comprehensive income for the period	<u><u>14,828</u></u>	<u><u>11,459</u></u>

## 7 DISCONTINUED OPERATION

On 29th August 2013, the Group entered into an agreement to dispose of its entire interests in Smart Tactic Limited and its subsidiaries (“Smart Tactic Group”). Smart Tactic Group engaged in branded food operation. Details are disclosed in the Company’s announcement dated 29th August 2013. The disposal of Smart Tactic Group had been completed on 31st October 2013.

Upon the completion of the disposal of Smart Tactic Group on 31st October 2013, the results from Smart Tactic Group were no longer included in the Group’s results since then.

The unaudited consolidated results of Smart Tactic Group for the period ended 30th September 2013 are set out as below:

	For the six months ended 30th September 2013 <i>HK\$'000</i> (Unaudited)	For the three months ended 30th September 2013 <i>HK\$'000</i> (Unaudited)
Revenue	52,322	26,175
Expenses	(50,189)	(26,509)
Finance costs	(998)	(446)
	<hr/>	<hr/>
Profit/(loss) before tax from the discontinued operation	1,135	(780)
Income tax expense	—	—
	<hr/>	<hr/>
Profit/(loss) for the period from the discontinued operation	<u>1,135</u>	<u>(780)</u>

The net cash flows incurred by Smart Tactic Group are as follows:

	For the six months ended 30th September 2013 <i>HK\$'000</i> (Unaudited)
Operating activities	(2,125)
Investing activities	—
Financing activities	2,068
	<hr/>
Net cash outflows	<u>(57)</u>

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

	For the six months ended 30th September 2013 (Unaudited)	For the three months ended 30th September 2013 (Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation <i>(HK\$'000)</i>	1,135	(780)
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation <i>(note 8)</i>	1,345,938,948	1,345,938,948
Earnings/(loss) per share from the discontinued operation Basic and diluted <i>(HK cents)</i>	<u>0.09</u>	<u>(0.06)</u>

## 8 EARNINGS PER SHARE

### Basic earnings/(loss) per share

Basic earnings/(loss) 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 six months ended 30th September					
	2014			2013		
	Continuing operations (Unaudited)	Discontinued operation (Unaudited)	Total (Unaudited)	Continuing operations (Unaudited)	Discontinued operation (Unaudited)	Total (Unaudited)
Profit attributable to shareholders of the Company <i>(HK\$'000)</i>	<u>3,676</u>	<u>—</u>	<u>3,676</u>	<u>15,092</u>	<u>1,135</u>	<u>16,227</u>
Weighted average number of ordinary shares in issue*	<u>1,435,625,047</u>	<u>1,435,625,047</u>	<u>1,435,625,047</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>
Basic earnings per share <i>(HK cents)</i>	<u>0.26</u>	<u>—</u>	<u>0.26</u>	<u>1.12</u>	<u>0.09</u>	<u>1.21</u>

	For the three months ended 30th September					
	2014			2013		
	Continuing operations (Unaudited)	Discontinued operation (Unaudited)	Total (Unaudited)	Continuing operations (Unaudited)	Discontinued operation (Unaudited)	Total (Unaudited)
					(note 7)	
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>3,516</u>	<u>—</u>	<u>3,516</u>	<u>18,589</u>	<u>(780)</u>	<u>17,809</u>
Weighted average number of ordinary shares in issue*	<u>1,524,336,296</u>	<u>1,524,336,296</u>	<u>1,524,336,296</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>0.23</u>	<u>—</u>	<u>0.23</u>	<u>1.38</u>	<u>(0.06)</u>	<u>1.32</u>

\* The weighted average numbers of ordinary shares for the six months and the three months ended 30th September 2014 have been adjusted to take into account the effect of the issuance of the Consideration Shares (as defined in the Company's announcement and circular dated 13th June 2014 and 24th July 2014, respectively) on 20th August 2014.

### Diluted earnings/(loss) per share

Diluted earnings/(loss) per share amounts for the six months and the three months ended 30th September 2014 are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond are assumed to have been converted into ordinary shares, and the profit/(loss) for the six months and the three months ended 30th September 2014 are adjusted to eliminate the interest expense less tax effect, if any.

## 9 DIVIDENDS

Subsequent to the end of the reporting period, on 6th November 2014, the Board declared a special dividend of HK\$0.013 per ordinary share, approximately HK\$20,995,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 25th November 2014.

Apart from this, the Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2014 (2013: Nil).

## 10 CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Intangible assets <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1st April 2014	6,373	373,692	380,065
Additions	2,470	—	2,470
Acquisition of subsidiaries ( <i>note 16</i> )	1,807	246,126	247,933
Disposals	(128)	—	(128)
Depreciation	(2,008)	—	(2,008)
Exchange realignments	(3)	—	(3)
At 30th September 2014	<u>8,511</u>	<u>619,818</u>	<u>628,329</u>
At 1st April 2013	8,617	373,692	382,309
Additions	3,216	—	3,216
Disposals	(1,727)	—	(1,727)
Depreciation	(2,246)	—	(2,246)
Exchange realignments	(37)	—	(37)
At 30th September 2013	<u>7,823</u>	<u>373,692</u>	<u>381,515</u>

## 11 NOTES RECEIVABLE

	As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
Notes receivable	46,301	92,227
Less: Non-current portion	—	45,583
Current portion	<u>46,301</u>	<u>46,644</u>

The notes receivable of HK\$46,301,000 (31st March 2014: HK\$92,227,000) represented the consideration payable by Mr. Wong Chun, the purchaser, in relation to the Disposal.

The notes receivable are guaranteed by Coland and are secured by charged shares, being all present and future fully participating and voting shares which in any event represent 40% of the entire issued capital of Coland. The notes receivable bear interest at 1% per annum and are repayable on the maturity dates falling on the first and second anniversaries of the notes receivable, i.e., 19th September 2014 and 19th September 2015, respectively.

## 12 TRADE AND OTHER RECEIVABLES

	As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
Trade and bills receivables	133,917	64,550
Prepayments	5,170	1,063
Rental deposits — current portion	662	830
Other receivables	5,655	220
	<u>145,404</u>	<u>66,663</u>

The Group's trading terms with its customers are mainly on letters of credit or documents against payment, in some cases granting a credit period of 5 to 90 days, except for new customers, where payment in advance is normally required. An ageing analysis of trade and bills receivables, based on invoice date and net of impairment, as at the end of the reporting period is as follows:

	As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
90 days or less	111,461	44,662
91 to 180 days	14,270	3,858
181 to 270 days	5,344	12,970
271 to 365 days	1,908	2,923
Over 365 days	934	137
	<u>133,917</u>	<u>64,550</u>

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Since the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances.

## 13 TRADE AND OTHER PAYABLES

	As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
Trade and bills payables	151,702	62,985
Accrual for operating expense	38,979	32,062
Receipts in advance	19,438	12,097
Other payables	8,043	7,080
	<u>218,162</u>	<u>114,224</u>

The ageing analysis of trade and bills payables, based on invoice date, is as follows:

	As at 30th September 2014 <i>HK\$'000</i> (Unaudited)	As at 31st March 2014 <i>HK\$'000</i> (Audited)
90 days or less	148,654	58,275
91 to 180 days	1,059	2,273
181 to 270 days	796	237
271 to 365 days	—	627
Over 365 days	1,193	1,573
	<u>151,702</u>	<u>62,985</u>

## 14 CONVERTIBLE BOND

On 20th August 2014, the Company issued convertible bond in the principal amount of HK\$60,000,000 to Million Land Limited, for the partial settlement of the Acquisition (as defined in note 16 to this announcement). The maturity date of the convertible bond is on the third anniversary of the date of issuance (i.e. 20th August 2017). The convertible bond bears no interest on the principal amount. No security or guarantee is granted in respect of the convertible bond. The convertible bond can be converted into 240,000,000 shares at the initial conversion price of HK\$0.25 (subject to adjustment pursuant to the terms of the convertible bond).

Unless previously converted, the Company shall redeem the convertible bond on the maturity date at the redemption amount which is 100% of the principal amount. Any amount of the convertible bond which is redeemed by the Company will forthwith be cancelled.

At 30th September 2014, no convertible bond was converted and the outstanding principal amount of the convertible bond was HK\$60,000,000.



The convertible bond recognised in the unaudited condensed consolidated statement of financial position of the Group is bifurcated into two components for accounting purpose, namely the liability component and the derivative component, and the movements of these components during the reporting period are as follows:

	<b>Liability component HK\$'000</b>	<b>Derivative component HK\$'000</b>	<b>Total HK\$'000</b>
At 1st April 2014	—	—	—
Issue of convertible bond for a business combination (note 16)	<u>56,147</u>	<u>16,306</u>	<u>72,453</u>
At 30th September 2014	<u><u>56,147</u></u>	<u><u>16,306</u></u>	<u><u>72,453</u></u>

## 15 EQUITY

Movements in unaudited consolidated equity are as follows:

	<b>Share capital HK\$'000</b>	<b>(Unaudited) Other reserves HK\$'000</b>	<b>Accumulated losses HK\$'000</b>	<b>Total HK\$'000</b>
Balances at 1st April 2014	13,459	1,094,029	(114,956)	992,532
Profit for the period	—	—	3,676	3,676
Currency translation differences of foreign operations	<u>—</u>	<u>204</u>	<u>—</u>	<u>204</u>
Total comprehensive income for the period	—	204	3,676	3,880
Issue of Consideration Shares for a business combination (note)	<u>2,691</u>	<u>57,309</u>	<u>—</u>	<u>60,000</u>
Balances at 30th September 2014	<u><u>16,150</u></u>	<u><u>1,151,542</u></u>	<u><u>(111,280)</u></u>	<u><u>1,056,412</u></u>

Note:

During the six months ended 30th September 2014, the Company has issued 269,058,296 Consideration Shares of HK\$0.01 each at a price of HK\$0.223 each for the partial settlement of the Acquisition (as defined in note 16 to this announcement), resulting in the increase of share capital and share premium by HK\$2,691,000 and HK\$57,309,000, respectively.

	Share capital <i>HK\$ '000</i>	(Unaudited) Other reserves <i>HK\$ '000</i>	Accumulated losses <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Balances at 1st April 2013	13,459	1,122,294	(162,106)	973,647
Profit for the period	—	—	16,227	16,227
Currency translation differences of foreign operations	—	562	—	562
Reclassification adjustment for exchange differences included in profit or loss upon the disposal of a joint venture	—	(32,289)	—	(32,289)
Share of other comprehensive income of joint venture	—	3,545	—	3,545
	<u>—</u>	<u>3,545</u>	<u>—</u>	<u>3,545</u>
Total comprehensive income for the period	<u>—</u>	<u>(28,182)</u>	<u>16,227</u>	<u>(11,955)</u>
Balances at 30th September 2013	<u>13,459</u>	<u>1,094,112</u>	<u>(145,879)</u>	<u>961,692</u>

## 16 BUSINESS COMBINATION

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire equity interests in Dragon Mining Overseas Limited and its subsidiaries (“Dragon Group”) and the shareholder’s loan owed by Dragon Group to its then shareholder (the “Acquisition”), at a consideration with a total fair value of HK\$272,453,000, consisting of HK\$140,000,000 cash, HK\$60,000,000 consideration shares and HK\$72,453,000 convertible bond (principal amount: HK\$60,000,000). Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects. The Acquisition was completed on 20th August 2014.

The provisional fair value of the identifiable assets and liabilities of Dragon Group as at the date of acquisition and the corresponding carrying amounts immediately before the Acquisition were as follows:

	<b>Provisional fair value and carrying amount <i>HK\$'000</i></b>
Property, plant and equipment	1,807
Trade and other receivables	18,823
Cash and cash equivalents	10,320
Other payables	(4,309)
Income tax liabilities	(314)
	<hr/>
	26,327
Provisional goodwill	246,126
	<hr/>
	<b>272,453</b>
	<hr/> <hr/>
Satisfied by:	
Cash	140,000
Consideration Shares ( <i>note 15</i> )	60,000
Convertible bond at conversion price of HK\$0.25 ( <i>note 14</i> )	72,453
	<hr/>
	<b>272,453</b>
	<hr/> <hr/>

An analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of Dragon Group is as follows:

	<b><i>HK\$'000</i></b>
Cash consideration	140,000
Cash and bank balances acquired	(10,320)
	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of Dragon Group	<b>(129,680)</b>
	<hr/> <hr/>

Goodwill arising on the acquisition of Dragon Group during the period is determined on a provisional basis as the nature and fair value of the identifiable assets acquired can be determined on a provisional value only as at the end of the reporting period. The Company is in the process of obtaining independent valuation to assess the fair value. It may be adjusted upon the completion of the initial accounting.

Since its acquisition, Dragon Group has contributed to the Group's revenue and to the Group's consolidated profit of HK\$3,576,000 and HK\$216,000 respectively for the period ended 30th September 2014.

Had the combination taken place at the beginning of the current period, the revenue and the profit of the Group for the six months ended 30th September 2014 would have been HK\$640,948,000 and HK\$8,694,000, respectively.

## 17. RELATED PARTIES TRANSACTIONS

### (a) Related party transaction

In addition to the transactions disclosed elsewhere in this announcement, the Group had the following transaction with a related party during the period:

	<b>For the six months ended 30th September 2014 HK\$'000</b>	For the six months ended 30th September 2013 HK\$'000
Consultation service income from IRG Exploration & Mining Inc. ("IRG") ( <i>note</i> )	<b>485</b>	—

*Note:*

The Group's substantial shareholder, Mr. Chan Sik Lap, is a director of IRG. The transaction was based on terms mutually agreed between the Group and the related party.

### (b) Outstanding balances with related parties

	<i>Notes</i>	<b>As at 30th September 2014 HK\$'000 (Unaudited)</b>	As at 31st March 2014 HK\$'000 (Audited)
Trade receivables			
— IRG	<i>(i)</i>	<b>4,929</b>	—
Other receivables			
— IRG	<i>(i)</i>	<b>2,691</b>	—
— Earth Resources Centre Ltd. ("Earth Resources")	<i>(ii)</i>	<b>957</b>	—

*Notes:*

- (i) The amounts are unsecured, interest-free and repayable on similar credit terms to those offered to the major customers of the Group. Mr. Chan Sik Lap has undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due.
- (ii) The Group's substantial shareholder, Mr. Chan Sik Lap, has beneficiary interests in Earth Resources and has undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due. The amount is unsecured, interest-free and repayable on similar credit terms to those offered to the major customers of the Group.

The related party transaction in respect of item (a) above also constitute connected transaction as defined in Chapter 20 of GEM Listing Rule.

## 18 COMPARATIVE FIGURES

The comparative unaudited consolidated statement of profit or loss has been represented as if the discontinued operation has been discontinued at the beginning of the comparative period (note 7).

### BUSINESS REVIEW

#### Financial and Business Performance

For the six months ended 30th September 2014 (the “half-year period”), the Group recorded an unaudited consolidated revenue of approximately HK\$630,613,000 and an unaudited consolidated net profit of approximately HK\$3,676,000, representing a decrease of 7.9% from approximately HK\$684,688,000 and a decrease of 77.3% from approximately HK\$16,227,000, respectively, in the corresponding period last year.

During the half-year period, the Group’s unaudited consolidated revenue comprised revenue from its hi-tech distribution and service division of approximately HK\$627,037,000, representing a decrease of 8.4% from approximately HK\$684,688,000 in the corresponding period last year and its mining consulting division of approximately HK\$3,576,000, representing the post-acquisition revenue recorded from the date of completion of acquisition on 20th August 2014.

Following the Group’s disposal of its joint venture of the fishmeal, fish oil and aquatic products division and the branded food division in last financial year, there were no results recorded from them. Furthermore, the significant decrease in net profit in the half-year period was also due to the Group recognised an one-off disposal gain of approximately HK\$9,080,000 from the disposal of its 40% joint venture of the fishmeal, fish oil and aquatic products division in the corresponding period last year.

During the half-year period, the operating expenditures accounted for 12% of the Group’s revenue which was similar as that of the corresponding period last year. The Group’s operating expenditures amounted to approximately HK\$77,627,000 for the half-year period, representing a decrease of 5.1% from approximately HK\$81,776,000 in the corresponding period last year. The decrease was mainly due to the one-off professional expenses incurred in the corresponding period last year in relation to the proposed issuance of convertible preference shares with unlisted warrants and the decrease in selling and distribution expenses which was in line with the decrease in revenue in the half-year period.

The unaudited basic earnings per share from the continuing operations in the half-year period was approximately HK0.26 cents whereas the Group recorded an unaudited basic earnings per share from the continuing operations of approximately HK1.12 cents for the corresponding period last year. Furthermore, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK\$0.654 as at 30th September 2014 and which reflected a decrease of HK\$0.083 from HK\$0.737 as at 30 June 2014.

## **Corporate development**

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire interest in Dragon Mining Overseas Limited and its subsidiaries (“Dragon Group”) and shareholder’s loan for a total consideration of HK\$260,000,000 consist of HK\$140,000,000 cash, HK\$60,000,000 consideration shares and HK\$60,000,000 convertible bond. Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects. The Group is confident that its profitability will be improved and benefited from high growth prospect of Dragon Group. Details of Dragon Group were disclosed in the Company’s circular dated 24th July 2014. Upon completion of acquisition on 20th August 2014, Dragon Group became wholly-owned subsidiaries of the Group and all the profit and loss and assets and liabilities of the Dragon Group were consolidated to the financial statements of the Group.

Below is a summary of financial and business highlights of each 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 Service Division**

American Tec Company Limited (“American Tec”), is the Group’s wholly-owned subsidiary and the 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 235 engineers and customer care staffs 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 continues to explore potential SMT, semiconductor and software suppliers and partners to complement our major partnership with Fuji Machine Manufacturing Co. Ltd. (“Fuji”) to offer a comprehensive and competitive manufacturing solution to the electronics manufacturing industry.

For half-year period, the unaudited revenue of American Tec was approximately HK\$627,037,000 representing a decrease of 8.4% from approximately HK\$684,688,000 in the corresponding period last year. The reasons of decrease in revenue were due to a slower sales of peripheral (non-pick & place) equipment as well as further postponement of the major software projects deployment. However, revenue in second quarter was significantly increased by 149% from the preceding quarter ended 30th June 2014. This was mainly due to fulfillment of postponed sales in previous quarter and winning of new customers as well as increased number of total line sales. This division recorded approximately HK\$585,527,000 of direct machine sales, HK\$490,000 of software sales, HK\$36,076,000 of spare parts sales and HK\$4,944,000 of commission and other service income for the half-year period, compared with approximately HK\$644,647,000 of direct machines sales, HK\$3,452,000 of software sales, HK\$31,903,000 of spare parts sales and HK\$4,686,000 of commission and other service income in the corresponding period last year.

Despite the decrease in revenue during the half-year period, the gross profit margin of this division was approximately 12.5% during the half-year period, representing a 1.4% increase from that of 11.1% for the corresponding period last year. The slight increase in gross profit margin was mainly resulted from weakening of Japanese Yen. During the half-year period, the unaudited net profit of this division was approximately HK\$12,044,000, representing an increase of 14.7% from the corresponding period last year.

### **Mining Consulting Division**

Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisition projects, and managed by dedicated professionals that offers high growth prospects. The senior team of management members have at least 10 years of experience through various international mining consulting and mining companies. The Dragon Group has its competitive advantages in the industry due to the high barrier of entry of mining consulting business and it highly involve specialized professional nature of this business. During the half-year period, Dragon Group has projects located at Kazakhstan, Indonesia and other Asia mining countries.

During the half-year period, post-acquisition revenue and net profit recorded by the Group were approximately HK\$3,576,000 and HK\$216,000 respectively. Dragon Group derived its revenue from provision of advisory services and valuation services mainly in mining industry and revenue earned from projects in Indonesia, Kazakhstan and other districts including Hong Kong, which accounted for 64%, 35% and 1% of total income respectively.

### ***Update on progress of projects***

#### *Indonesia — Copper-Gold Project*

For the project activities in Indonesia, apart from laboratory operation, processing plant management and public relationship management on a copper-gold polymetallic project (“Copper-Gold Project”), Dragon Group also engaged in the drilling services for this Copper-Gold Project since July 2013. However, this project has been affected by the Indonesia’s local weather conditions since July 2014, such as the local drought season which has seriously impacted the water supply of the mining site and resulted in postponement of the drilling work. The management of Dragon Group is confident that the drilling work will be restarted soon after the water supply becomes stable in that mining site.

#### *Kazakhstan — Kazakhstan Gold Project and Tungsten Project*

During the half-year period, Dragon Group has focused at its business development in Central Asia, especially Kazakhstan. Dragon Group provided services to a gold mine in Kazakhstan and also started a project in technical consultancy in drilling of Tungsten (“Tungsten Project”).

For the gold project in Kazakhstan (“Kazakhstan Gold Project”), Dragon Group provided management operation, technical consulting, marketing and other related services. By the end of September 2014, the management of this client has nearly completed its internal restructuring and its board has decided to proceed drilling in the coming winter. Dragon Group’s management expects that the revenue contributed by the Kazakhstan Gold Project will be increased in the coming months.

For the Tungsten project, Dragon Group provided underground sampling, drilling, data digitization, modelling and related services to this client. By the end of September 2014, the Tungsten project has progressed smoothly with underground sampling and data digitization tasks completed. Drilling has been 40% done and modelling work has been started. Dragon Group’s management expects to complete the whole project by end of 2014.

#### *Other districts including Hong Kong*

During the half-year period, Dragon Group provided services in technical consulting, valuation and other consulting services for customers in this location. The revenue from this location represented 1% of the total revenue of Dragon Group.

## **OUTLOOK**

### **Overall Summary**

The Group is confident in the underlying strength of our new business and the Dragon Group is expected to continue to benefit from the growth of the mining consulting business.

Going forward, the Group will continue to focus on companies and industries possessing ample growth potential, explore future investment opportunities to enhance shareholders’ value and effectively manage, deploy and apply available cash resources to meet operational and investment needs and for the benefit of our shareholders as a whole.

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

The mobile phone segment will continue to grow in 2014 due to strong sales of lower-end smartphones. The market is clearly favoring those vendors offering value in lower-priced smartphones. This trend has become more apparent, especially in the second quarter of 2014 when most of the top Chinese smartphone vendors grew volume and market share. Our customers are expected to benefit from the growing demand and to plan for further production capacity expansion to cope with new orders. On the other hand, with the year passing the consumer electronics driven autumn “busy season” and the year-end outlook is clouded by general economic worries. Balancing this uncertainty is new product growth – wearables, the Internet of Things, automotive electronics, continually improved smart phones, new products launched by Apple, Samsung & others as well as anticipated modest rebound in personal computer demand and steady growth in industrial electronics etc, will continue to drive the needs for new and more advanced machines. With this outlook, we will continue to expand and enhance our products, solutions offering and service coverage, improve



customer and partners satisfaction through enhancement of American Tec's management ERP systems as well as overall operational efficiency. At the same time, we will also closely monitor our working capital, gross profit margin, operating costs and foreign exchange risk closely with a view to protect our cash flow and profitability.

### **Mining Consulting Division**

The Group hold optimistic outlook on Dragon Group's business development in Central Asia region. Thanks to the hard work by our experienced professionals, within one year, Dragon Group has successfully set up its brand in Kazakhstan with positive market feedbacks. The Group is confident that Dragon Group will seize the ample development opportunity in Central Asia countries and achieve high growth in terms of both client base and profitability within the foreseeable future. At the same time, the Group will follow the pace of Southeast Asia mining market closely and continue exploring new business opportunities actively. Our negotiation on new projects in Indonesia are very likely to bring in new income sources to Dragon Group soon.

### **Financial Resources, Liquidity and Charges on Assets**

As at 30th September 2014, the Group had bank and cash balances of approximately HK\$531,516,000 (31st March 2014: HK\$572,500,000).

As at 30th September 2014, the Group had borrowings of approximately HK\$1,400,000 (31st March 2014: HK\$2,600,000). The gearing ratio (bank borrowings divided by equity attributable to shareholders of the Company) of the Group was 0.001 as at 30th September 2014, as compared to 0.003 as at 31st March 2014.

### **Foreign Currency Exposure**

The business of the Group was primarily transacted in HK\$, US\$, Yen and Renminbi. The Group's cash and bank deposits were mainly denominated in HK\$. The foreign currency exposure of the Group is mainly driven by its business division. The Group attempts to minimise its foreign currency exposure through (i) matching its payables for purchases against its receivables on sales and (ii) maintain sufficient foreign currency cash balances to settle the foreign currency payables. We will continue to monitor closely the exchange rate between US\$ and Yen and will make necessary hedging arrangements to minimise its foreign currency exposure arising from foreign currency fluctuation in the future.

### **Employee Information**

As at 30th September 2014, the Group employed 263 staff (as at 30th September 2013: 600). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30th September 2014 amounted to approximately HK\$36,581,000 (for the six months ended 30th September 2013: HK\$49,871,000).

## Capital commitments

There was no material change in capital commitments since 31st March 2014.

## Operating lease commitments

As at 30th September 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>As at 30th September 2014 HK\$'000 (Unaudited)</b>	<b>As at 31st March 2014 HK\$'000 (Audited)</b>
Within one year	10,017	7,454
In the second to fifth years, inclusive	<u>3,214</u>	<u>3,921</u>
	<u><b>13,231</b></u>	<u><b>11,375</b></u>

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

As at 30th September 2014, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the 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:

### Long positions in the shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
Ding Yi	Beneficial owner	402,445,296	24.92%

Save as disclosed above, as at 30th September 2014, 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.

## OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th September 2014, 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 and/or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### Long positions in the shares and underlying shares of the Company

#### *Substantial shareholders of the Company*

Name	Capacity	Number of ordinary shares held	Number of underlying share held (Note a)	Total	Approximate percentage of Shareholdings (Note b)
Million Land Limited (Note c)	Beneficial owner	269,058,296	240,000,000	509,058,296	31.52%
Chan Sik Lap (Note c)	Interest of controlled corporation	269,058,296	240,000,000	509,058,296	31.52%

#### *Other shareholders of the Company*

Name	Capacity	Number of ordinary shares held	Number of underlying share held	Total	Approximate percentage of shareholdings (Note b)
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	—	—	6.57%

#### *Note:*

- The underlying shares arise from the issuance of the convertible bonds (the "Convertible Bonds") in the aggregate amount of HK\$60 million as part of the consideration of the transaction, details disclosed in the Company's announcement dated 13th June 2014 and circular dated 24th July 2014, which upon full conversion will result in 240,000,000 conversion shares at the initial conversion price of HK\$0.25 (subject to adjustment).
- The approximate percentage of shareholdings is based on 1,614,997,244 ordinary shares in issue as at 30th September 2014, not on the total number of issued shares upon full conversion of the Convertible Bonds.
- These shares and underlying shares were held by Million Land Limited, a company 52% controlled by Mr. Chan Sik Lap. Accordingly, Mr. Chan was taken to be interested in these shares and underlying shares under the SFO by virtue of his interest in Million Land Limited.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has any interests or short positions in the securities of the Company as recorded in the register required to be kept under Section 336 of the SFO as at 30th September 2014.

## **SHARE OPTION SCHEME**

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 30th September 2014, no share options have been granted by the Company pursuant to the 2014 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 30th September 2014, no share options have been granted pursuant to the Best Creation Scheme.

## **COMPETING INTERESTS**

As at 30th September 2014, 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.

## **PURCHASE, 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 six months ended 30th September 2014.

## **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 the six months ended 30th September 2014, 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 a specific term. 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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the Required Standard throughout the six months ended 30th September 2014.

## **DISCLOSURE ON CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 17.50A(1) IF THE GEM LISTING RULES**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, set out below are the change in details of the directors of the Company since the date of the 2013/14 Annual Report of the Company:

Mr. Joseph Liang Hsien Tse was appointed as an independent non-executive director of China Animal Healthcare Ltd., a company listed on the main board of the Stock Exchange with a stock code 940 on 6th June 2014.

Mr. Ding Yi ceased to be the responsible officer of Head & Shoulders Asset Management Limited licensed by the Securities and Futures Commission under the SFO to carry out Type 9 (asset management) regulated activity on 3rd November 2014.

## **DIVIDENDS**

On 6th November 2014, the Board declared a special dividend of HK\$0.013 per ordinary share, approximately HK\$20,995,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 25th November 2014.

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2014.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of the members of the Company will be closed from Friday, 21st November 2014 to Tuesday, 25th November 2014, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20th November 2014.

## **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 six months ended 30th September 2014 of the Company now reported on have been reviewed by the audit committee.

## **APPOINTMENT OF EXECUTIVE DIRECTOR AND ADDITIONAL OF MEMBERS OF VARIOUS BOARD COMMITTEES**

The Board announces that Ms. Zhang Yifan ("Ms. Zhang") has been appointed as an Executive Director of the Company with effect from 6th November 2014. Ms. Zhang has also been appointed as an additional member of the Nomination Committee and Remuneration Committee of the Company on the same date.

Ms. Zhang, aged 33, completed a diploma in International Business from Shanghai Ocean University. She is the wife of Mr. Ding Yi, the Executive Chairman and substantial shareholder of the Company.

The term of office of Ms. Zhang is three years commencing from 6th November 2014 and is subject to retirement and re-election at general meetings in accordance with the Bye-laws of the Company. Ms. Zhang is entitled to a salary of HK\$1,200,000 per annum. She also receives a director's fee of HK\$240,000 per annum. Ms. Zhang's emolument was determined by the Board on basis of her level of responsibilities and by reference to market benchmark.

As at the date of this announcement, Ms. Zhang is deemed (under part XV of the SFO) to be interested in the 402,445,296 ordinary shares of the Company beneficially owned by Mr. Ding Yi. Apart from the foregoing, Ms. Zhang does not have any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, (i) Ms. Zhang does not hold any other position with the Company or any of its subsidiaries nor did she hold any directorship on other listed public company in the last three years preceding the date of this announcement; (ii) Ms. Zhang does not have any relationships with any directors, senior management, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules); (iii) there is no information relating to her appointment that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules; and (iv) there are no other matters concerning the appointment need to be brought to the attention of the shareholders of the Company.

The Board warmly welcomes Ms. Zhang in joining the Board.

#### **SUPPLEMENTAL INFORMATION**

The Board of the Company would like to inform the shareholders of the Company that it was brought to the attention of the Company that a civil claim has been brought against Mr. Ding Yi, an executive chairman and a substantial shareholder, who is interested in 24.92% of the issued share capital of the Company as at the date of this announcement, by a creditor for an amount of US\$33,350,000. The Company has further been informed by Mr. Ding that an application was made on his behalf for a stay of these proceedings in favour of arbitration. To the best knowledge and belief of the Directors, the Directors confirm that this is a personal matter of Mr. Ding and no member of the Group has any financial or other obligations in respect of such debt.

The Directors consider that the Group is in a healthy financial condition and the above civil claim against Mr. Ding will not have any material adverse impact on the financial or business operations of the Group.

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

Hong Kong, 6th November 2014

*As at the date of this announcement, the Board comprises Mr. Ding Yi (Chairman and Executive Director) and Ms. Zhang Yifan (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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.*

*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).*