

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) THIRD QUARTERLY RESULTS

FOR THE NINE MONTHS ENDED 31ST DECEMBER 2014

AND

(ii) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND ADDITIONAL OF MEMBERS OF VARIOUS BOARD COMMITTEES

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

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 nine months and three months ended 31st December 2014, together with the comparative unaudited figures of the corresponding period in 2013.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the nine months ended		For the three months ended	
		31st December		31st December	
		2014	2013	2014	2013
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)		(Restated)
Continuing operations					
Revenue	3	921,257	789,318	290,644	104,630
Cost of sales		<u>(800,733)</u>	<u>(686,190)</u>	<u>(249,442)</u>	<u>(77,347)</u>
Gross profit		120,524	103,128	41,202	27,283
Other income and gains, net		451	1,638	(487)	556
Selling and distribution expenses		(61,681)	(53,727)	(19,510)	(12,329)
General and administrative expenses		(55,088)	(56,082)	(19,632)	(15,704)
Gain on disposal of joint ventures		<u>—</u>	<u>23,835</u>	<u>—</u>	<u>—</u>
Operating profit/(loss)		4,206	18,792	1,573	(194)
Finance income	4	6,463	2,207	2,716	856
Finance costs	4	(535)	(110)	(516)	(15)
Share of profits and loss of joint ventures	6	<u>—</u>	<u>(3,472)</u>	<u>—</u>	<u>—</u>
Profit before income tax		10,134	17,417	3,773	647
Income tax expense	5	<u>(4,010)</u>	<u>(2,705)</u>	<u>(1,325)</u>	<u>(1,027)</u>
Profit for the period from continuing operations		6,124	14,712	2,448	(380)

		For the nine months ended 31st December		For the three months ended 31st December	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)		(Restated)
Discontinued operation					
Profit for the period from a discontinued operation	7	—	37,444	—	36,309
Profit for the period		6,124	52,156	2,448	35,929
Earnings per share attributable to shareholders of the Company	8				
Basic					
— For profit for the period (HK cents)		0.41	3.88	0.15	2.67
— For profit/(loss) for the period from continuing operations (HK cents)		0.41	1.10	0.15	(0.03)
Diluted					
— For profit for the period (HK cents)		0.41	3.88	0.15	2.67
— For profit/(loss) for the period from continuing operations (HK cents)		0.41	1.10	0.15	(0.03)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended 31st December		For the three months ended 31st December	
	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>6,124</u>	<u>52,156</u>	<u>2,448</u>	<u>35,929</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in the subsequent periods:				
Currency translation differences:				
Currency translation differences of foreign operations	116	679	(88)	117
Reclassification adjustment for exchange differences included in profit or loss upon disposal of joint ventures	—	(32,289)	—	—
Share of other comprehensive income of joint ventures	<u>—</u>	<u>3,545</u>	<u>—</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>116</u>	<u>(28,065)</u>	<u>(88)</u>	<u>117</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>6,240</u></u>	<u><u>24,091</u></u>	<u><u>2,360</u></u>	<u><u>36,046</u></u>

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 February 2015.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>

¹ Effective from 1st July 2014

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, and consulting fee 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	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of goods	899,647	777,288	277,554	97,286
Commission and other service income	6,452	12,030	1,508	7,344
Consulting fee income	15,158	—	11,582	—
	<u>921,257</u>	<u>789,318</u>	<u>290,644</u>	<u>104,630</u>

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	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance income:				
Interest income from bank deposits	3,311	1,846	906	856
Interest income from notes receivable	585	—	117	—
Interest in discounted amounts arising from the passage of time	1,116	—	242	—
Net foreign exchange gains on financing activities	1,451	361	1,451	—
	<u>6,463</u>	<u>2,207</u>	<u>2,716</u>	<u>856</u>
Finance costs:				
Interest on bank loans	116	110	97	15
Interest on convertible bonds redeemable within five years	419	—	419	—
	<u>535</u>	<u>110</u>	<u>516</u>	<u>15</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 corporate 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 nine months ended 31st December		For the three months ended 31st December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	3,852	2,312	1,275	918
Mainland China enterprise income tax				
— current period	158	378	50	118
Deferred taxation	—	15	—	(9)
	<u>4,010</u>	<u>2,705</u>	<u>1,325</u>	<u>1,027</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 “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 had 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 up to the completion date of disposal are set out as below:

	For the nine months ended 31st December 2013 <i>HK\$'000</i> (Unaudited) (Restated)
Revenue	282,032
Expenses	<u>(285,109)</u>
Loss before tax	(3,077)
Income tax expense	(374)
Non-controlling interests	<u>(21)</u>
Loss for the period	(3,472)
Other comprehensive income	<u>3,545</u>
Total comprehensive income for the period	<u><u>73</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 up to the completion date of disposal are set out as below:

	For the nine months ended 31st December 2013 <i>HK\$’000</i> (Unaudited) (Restated)	For the three months ended 31st December 2013 <i>HK\$’000</i> (Unaudited) (Restated)
Revenue	59,802	7,480
Expenses	(58,633)	(8,444)
Finance costs	(1,059)	(61)
Profit/(loss) before tax from a discontinued operation	110	(1,025)
Income tax expense	—	—
Profit/(loss) after tax	110	(1,025)
Gain on disposal of a discontinued operation	37,334	37,334
Profit for the period from a discontinued operation	<u>37,444</u>	<u>36,309</u>

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

	For the nine months ended 31st December 2013 (Unaudited) (Restated)	For the three months ended 31st December 2013 (Unaudited) (Restated)
Profit attributable to ordinary equity holders of the parent from the discontinued operation (<i>HK\$’000</i>)	37,444	36,309
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 per share from the discontinued operation Basic and diluted (<i>HK cents</i>)	<u>2.78</u>	<u>2.70</u>

8. EARNINGS 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.

Diluted earnings/(loss) per share amounts for the nine months and the three months ended 31st December 2014 are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bonds are assumed to have been converted into ordinary shares, and the profit for the nine months and the three months ended 31st December 2014 are adjusted to reflect the interest expense on convertible bonds less tax effect, if any.

The calculation of basic and diluted earnings/(loss) are based on:

	For the nine months ended 31st December					
	2014			2013		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Earnings						
Profit attributable to shareholder of the Company, used in the basic earnings per share calculation (HK\$'000)	6,124	—	6,124	14,712	37,444	52,156
Interest on convertible bonds (HK\$'000)	419	—	419	—	—	—
Profit attributable to shareholder of the Company, used in the diluted earnings per share calculation (HK\$'000)	<u>6,543</u>	<u>—</u>	<u>6,543</u>	<u>14,712</u>	<u>37,444</u>	<u>52,156</u>
Shares						
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,476,065,324	—	1,476,065,324	1,345,938,948	1,345,938,948	1,345,938,948
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	<u>116,072,727</u>	<u>—</u>	<u>116,072,727</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u>1,592,138,051</u>	<u>—</u>	<u>1,592,138,051</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>

	For the three months ended 31st December					
	2014			2013		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Earnings						
Profit/(loss) attributable to shareholder of the Company, used in the basic earnings per share calculation (HK\$'000)	2,448	—	2,448	(380)	36,309	35,929
Interest on convertible bonds (HK\$'000)	419	—	419	—	—	—
Profit/(loss) attributable to shareholder of the Company, used in the diluted earnings per share calculation (HK\$'000)	<u>2,867</u>	<u>—</u>	<u>2,867</u>	<u>(380)</u>	<u>36,309</u>	<u>35,929</u>
Shares						
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,614,997,244	—	1,614,997,244	1,345,938,948	1,345,938,948	1,345,938,948
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	<u>240,000,000</u>	<u>—</u>	<u>240,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u>1,854,997,244</u>	<u>—</u>	<u>1,854,997,244</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>

9 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. This special dividend has been paid on 3rd December 2014.

Apart from this, the Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2014 (2013: Nil).

10 EQUITY

Movements in unaudited consolidated equity are as follows:

	Share capital HK\$'000	(Unaudited) Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balances at 1st April 2014	13,459	1,094,029	(114,956)	992,532
Profit for the period	—	—	6,124	6,124
Currency translation differences of foreign operations	—	116	—	116
Total comprehensive income for the period	—	116	6,124	6,240
Issue of Consideration Shares for a business combination (<i>note</i>)	2,691	57,309	—	60,000
Special dividend (<i>note 9</i>)	—	(20,995)	—	(20,995)
Balances at 31st December 2014	<u>16,150</u>	<u>1,130,459</u>	<u>(108,832)</u>	<u>1,037,777</u>

Note:

During the nine months ended 31st December 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 11 to this announcement), resulting in the increase of share capital and share premium by HK\$2,691,000 and HK\$57,309,000, respectively.

		(Unaudited)		
	Share capital <i>HK\$ '000</i>	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	—	—	52,156	52,156
Currency translation differences of foreign operations	—	679	—	679
Reclassification adjustment for exchange differences included in profit or loss upon in 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>(28,065)</u>	<u>52,156</u>	<u>24,091</u>
Balances at 31st December 2013	<u>13,459</u>	<u>1,094,229</u>	<u>(109,950)</u>	<u>997,738</u>

11 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:

	Provisional fair value and carrying amount <i>HK\$'000</i>
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/>
	272,453
	<hr/> <hr/>
Satisfied by:	
Cash	140,000
Consideration Shares (<i>note 10</i>)	60,000
Convertible bond at conversion price of HK\$0.25	72,453
	<hr/>
	272,453
	<hr/> <hr/>

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

	<i>HK\$'000</i>
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	(129,680)
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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\$15,158,000 and HK\$1,789,000 respectively for the period ended 31st December 2014.

Had the combination taken place at the beginning of the current period, the revenue and the profit of the Group for the nine months ended 31st December 2014 would have been HK\$30,437,000 and HK\$6,831,000, respectively.

12 COMPARATIVE FIGURES

The comparative unaudited consolidated statement of profit or loss has been represented to conform with the presentation of the Group's annual financial statements for the year ended 31st March 2014.

BUSINESS REVIEW

Financial and Business Performance

During the nine months ended 31st December 2014 (the "9-month period"), the Group recorded an unaudited consolidated revenue of approximately HK\$921,257,000, representing an increase of 16.7% from approximately HK\$789,318,000 in the corresponding period last year and an unaudited consolidated net profit from continuing operations of approximately HK\$6,124,000, representing a decrease of 58.4% from approximately HK\$14,712,000 (restated) in the corresponding period last year. The significant decrease in net profit from continuing operations was mainly due to the absence of the disposal gain of fishmeal business in the 9-month period. Excluding this disposal gain, the Group's net loss from continuing operations was approximately HK\$9,123,000 (restated) in the corresponding period last year.

During the 9-month period, the Group's unaudited consolidated revenue comprised revenue from its hi-tech distribution and service division of approximately HK\$906,099,000 representing an increase of 14.8% from approximately HK\$789,318,000 in the corresponding period last year and its mining consulting division of approximately HK\$15,158,000, representing the post-acquisition revenue recorded from the date of completion of acquisition on 20th August 2014.

Following to the Group's disposal of its joint venture of the fishmeal, fish oil and aquatic products division and the branded food division ("Disposal Transactions") in last financial year, there were no results recorded from them. Furthermore, the significant decrease in net profit in the 9-month period was mainly due to an one-off disposal gain of approximately HK\$61,169,000 (restated) was recorded from the Disposals Transactions in the corresponding period last year.

During the 9-month period, the Group's operating expenditures amount to approximately HK\$116,769,000, representing an increase of 6.3% from approximately HK\$109,809,000 in the corresponding period last year. The increase was mainly due to the selling expenses increased in relation to the increase in direct machines sales of 16.3% as compared with corresponding period last year.

The unaudited basic earnings per share from the continuing operations in the 9-month period was approximately HK0.41 cents versus an unaudited basic earnings per share from the continuing operations of approximately HK1.10 cents (restated) in the corresponding period last year. Furthermore, the unaudited consolidated net asset value of the Company per ordinary share was

approximately HK\$0.643 as at 31st December 2014 and which reflected a decrease of HK\$0.011 from HK\$0.654 as at 30th September 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 a shareholder’s loan for a total consideration of HK\$260,000,000, consisting of HK\$140,000,000 in cash, HK\$60,000,000 in 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. 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 consolidated financial statements of the Group. Details of business of Dragon Group were discussed under Mining Consulting Division in this Business Review.

During the third quarter, the Group had successfully established a wholly foreign owned lease company (“leasing company”) in Shanghai, China and the leasing company had obtained the license approved by the relevant government authority for carrying out businesses in finance lease, sale and leaseback, leasing transactions advisory etc., in China. This new leasing business was established initially mainly to support the Group’s hi-tech distribution business. In the future, the leasing company would be actively seeking other finance lease and related business opportunities in different business fields.

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 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 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 Printed-Circuit Board and Assembly (“PCBA”) and advance packaging solution.

During the 9-month period, the unaudited revenue was approximately HK\$906,099,000, representing an increase of 14.8% from approximately HK\$789,318,000 in the corresponding period last year and an unaudited net profit of approximately HK\$18,928,000, representing an increase of 23.3% from approximately HK\$15,347,000 in the corresponding period last year. The reasons of increase in revenue were mainly due to the net effect of improvement in spare parts sales and customer orders from mobile and internet device manufacturing companies in China and decline in sales of peripheral (non-pick & place) equipment as well as further significant decrease in software sales. During the 9-month period, this division recorded approximately HK\$845,746,000 of direct machine sales, HK\$866,000 of software sales, HK\$53,035,000 of spare parts sales and HK\$6,452,000 of commission and other service income, compared with approximately HK\$727,273,000 of direct machine sales, HK\$3,824,000 of software sales, HK\$46,191,000 of spare parts sales and HK\$12,030,000 of commission and other service income in the corresponding period last year.

During the 9-month period, the gross profit margin of this division was approximately 13%, which was similar as that of the corresponding period last year. Management continued to keep a close watch on expenses and hiring, keeping overall operational cost in control and aligning with level of business activities.

During the third quarter, the unaudited revenue was approximately HK\$279,061,000, representing an increase of 166.7% from approximately HK\$104,630,000 in the corresponding period last year and an unaudited net profit of approximately HK\$6,884,000 representing an increase of 42.0% from approximately HK\$4,849,000 in the corresponding period last year. The increase in both revenue and net profit were due to the stronger customer demand for SMT equipment across the electronics manufacturing sector.

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 members of management have at least 10 years of experience through various international mining consulting and mining companies. The Dragon Group possesses competitive advantages in the industry due to the high barrier of entry of mining consulting business and this business involves highly specialized professional nature. During the 9-month period, Dragon Group has provided services to varies projects located at Kazakhstan, Indonesia and other Asia mining countries.

During the 9-month period, post-acquisition revenue and net profit recorded by this division were approximately HK\$15,158,000 and HK\$1,789,000 respectively. During the third quarter, the revenue and net profit recorded by this division were approximately HK\$11,583,000 and HK\$1,574,000, respectively. Dragon Group's revenue derived from projects in Indonesia, Kazakhstan and other districts including Hong Kong accounted for 43%, 56% and 1% of its total revenue 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. During the third quarter, the water supply problem has just been sorted and the Group has started for the up-coming drilling work in late January 2015.

Kazakhstan — Kazakhstan Gold Project and Tungsten Project

During the 9-month period, Dragon Group has focused at its business development in Central Asia, especially Kazakhstan. Dragon Group provided services to a gold mine project in Kazakhstan and also started a project in technical consultancy in drilling of Tungsten (“Tungsten Project”).

For the gold mine project in Kazakhstan (“Kazakhstan Gold Project”), Dragon Group provided management operation, technical consulting, marketing and other related services. During the third quarter, the client’s internal management restructuring has largely completed and the operations became stable. Dragon Group’s management expected that the revenue contributed by the Kazakhstan Gold Project will be stable in the coming months.

For the Tungsten project, Dragon Group provided underground sampling, drilling, data digitization, modelling and related services to this client. During the third quarter, the Tungsten project has completed over 90% of the whole project and awaiting for the final laboratory testing results for the modelling work. The Tungsten project has been completed in January 2015.

Kazakhstan — Others

During the third quarter, Dragon Group was engaged by a new investor who is interested in another Kazakhstan gold mine project. Dragon Group was providing services of assistance in application of mining licenses and other related business registrations in Kazakhstan for that gold mine project. By end of December 2014, Dragon Group has completed the submission of the mining license application and the business registration approval was still in process.

Other districts including Hong Kong

During the 9-month period, Dragon Group also provided services in technical consulting, valuation and other consulting services for customers in this location. The revenue from this area 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.

To capture the opportunities offered by the upgrading in manufacturing industry and economic transformation in China, the Group had planned to develop a finance lease business in China. Leveraging on the Company's financing platform in Hong Kong and extensive industrial experience especially the high-tech manufacturing industries, the Group's leasing company strives to provide financial leasing service in China in view of boosting the revenue of our hi-tech distribution business and generate new source of revenue in financial leasing and related services.

Hi-tech Distribution and Services Division

Smartphone shipments are expected to grow at more than 20% in 2015 compared to 2014. While most developed markets are experiencing single-digit growth, emerging markets including China are still growing at more than 30% collectively. With more coverage of 4G network in China, the slower adoption of 4G mobile devices experienced in 2014 is expected to gain momentum in 2015, driving production activities and investments to win market share. Compared to smartphones, though tablets are expected to see continued demand in 2015, growth is forecasted to be in the single-digit level due to slower replacement rate as more tablet owners are holding onto their devices for more than three years and in some instances more than four years. On the other hand, we can expect to see new growth segments especially in the area of wearables, home networking (Internet of Things) and automotive electronics. These growth segments, coupled with continuing strong demand for smartphones are expected to benefit electronic manufacturers and will drive their production capacity expansion and new machine/equipment investments.

With this outlook, we will continue to expand and enhance our product portfolio and solutions offering. We will also continue to invest in our sales and service coverage, improve customer and partners' satisfaction through enhancement of American Tec's management 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

Dragon Group keeps optimistic in the business of advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects in both Hong Kong and overseas, especially in Central Asia. Thanks to the hard work by our experienced professionals, within one year, Dragon Group has successfully established its brand in Kazakhstan with positive market feedbacks. During the third quarter, Dragon Group was negotiating with several potential clients regarding possible projects in Kazakhstan, including technical consulting projects and drilling projects. Dragon Group forecasts these new projects will be launched in the coming quarter and which will bring in new sources of income. We are confident that Dragon Group will seize the enormous development opportunity in Central Asia countries and achieve its growth at both client base and profitability within the foreseeable future.

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

As at 31st December 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 Directors	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
Ding Yi	Beneficial owner	402,445,296 ⁽¹⁾	24.92%
Zhang Yifan	Family interest	402,445,296 ⁽¹⁾	24.92%

Note:

(1) These shares are beneficially held by Mr. Ding Yi. Accordingly, Ms. Zhang Yifan, being the wife of Mr. Ding, is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 31st December 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 31st December 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 by the Company under Section 336 of the SFO:

Long positions in the shares and/or underlying shares of the Company

Name of Shareholders/ Convertible Bondholder Capacity		Number of ordinary shares held	Number of underlying shares held	Approximate percentage of Shareholdings (Note c)
Million Land Limited	Beneficial owner	269,058,296 (Note a)	—	16.66%
Chan Sik Lap	Interest of controlled corporation	269,058,296 (Note a)	—	16.66%
Lu Ying	Beneficial owner	—	240,000,000 (Note b)	14.86%
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	—	6.57%

Note:

- (a) These shares are held by Million Land Limited, a company which was 71.25% controlled by Mr. Chan Sik Lap. Accordingly, Mr. Chan was deemed to be interested in these shares under the SFO by virtue of his interest in Million Land Limited.
- (b) 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 the 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).
- (c) The above approximate percentages of shareholdings are based on 1,614,997,244 ordinary shares of the Company in issue as at 31st December 2014, not on the total number of shares in issue upon full conversion of the Convertible Bonds.

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 that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 31st December 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 31st December 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 31st December 2014, no share options have been granted pursuant to the Best Creation Scheme.

COMPETING INTERESTS

As at 31st December 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 nine months ended 31st December 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 nine months ended 31st December 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.

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 2014 of the Company now reported on have been reviewed by the audit committee.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND ADDITIONAL OF MEMBERS OF VARIOUS BOARD COMMITTEES

The Board is pleased to announce the appointment of Mr. Pierre Tsui Kwong Ming (“**Mr. Tsui**”) as an Independent Non-executive Director and an additional member of each of the audit committee, the nomination committee and the remuneration committee of the Company with effect from 6th February 2015.

Mr. Tsui, aged 50, graduated from the University of Lancaster, United Kingdom (“UK”) with a Bachelor Degree in Accounting and Finance. He then obtained his Bachelor of Laws degree from University of Wolverhampton, UK. He further obtained his Master’s degree in Accounting and Finance from the London School of Economics & Political Science, UK and a Master’s degree in Business Administration from University of Southern California, U.S. He is a member of the Hong Kong Institute of Certified Public Accountants since 1995 and the American Institute of Certified Public Accountants since 1995.

He has comprehensive financial experience ranging from external audit, internal audit and tax to financial controllership. During the period from January 2006 to May 2014, he has been an executive director, the chief financial officer and company secretary of International Mining Machinery Holdings Limited (Stock Code: 1683), a company whose shares has been listed on the main board of the Stock Exchange until 2013.

Save as disclosed above, Mr. Tsui (i) does not hold any other position with the Company and other members of the Company and its subsidiaries; (ii) is not related to any directors, senior management, substantial or controlling shareholders of the Company; and (iii) has not held other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or other major appointments and professional qualifications.

As at the date of this announcement, Mr. Tsui does not have any interests in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

Mr. Tsui entered into a letter of appointment with the Company for a term of three years commencing from 6th February 2015 and is subject to retirement and re-election at general meetings in accordance with the Bye-laws of the Company. Mr. Tsui is entitled to receive a director’s fee of HK\$240,000 per annum which is determined and approved by the Board on the basis of his level of responsibilities and by reference to his experience and market benchmark.

Save as disclosed above, the Board is not aware of any information in relation to the appointment of Mr. Tsui that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules, nor is there any other matters that ought to be brought to the attention of the shareholders of the Company.

The Board would like to express its warmest welcome to Mr. Tsui for his joining to the Board.

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

Hong Kong, 6th February 2015

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, Mr. Joseph Liang Hsien Tse and Mr. Pierre Tsui Kwong Ming (being Independent Non-executive Directors).

This announcement will remain on the GEM website at 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.