

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2015

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 (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 consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31st March 2015, together with the comparative audited figures of the corresponding year ended 31st March in 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Continuing operations			
Revenue	3	1,293,924	907,690
Cost of sales		(1,116,189)	(777,437)
Gross profit		177,735	130,253
Other income and gains, net		10,167	1,500
Selling and distribution expenses		(87,117)	(66,785)
General and administrative expenses		(80,626)	(77,805)
Gain on disposal of joint ventures		—	23,835
Operating profit		20,159	10,998
Fair value gain on derivative component of convertible bond		13,838	—
Finance income	4	6,956	5,592
Finance costs	4	(1,220)	(130)
Share of profits and losses of joint ventures		—	(3,472)
Profit before income tax	5	39,733	12,988
Income tax expense	6	(14,180)	(3,282)
Profit for the year from continuing operations		25,553	9,706
Discontinued operation			
Profit for the year from a discontinued operation	7	—	37,444
PROFIT FOR THE YEAR		25,553	47,150
Profit per share attributable to ordinary shareholders of the Company	8		
Basic			
— For profit for the year (<i>HK cents</i>)		1.69	3.50
— For profit for the year from continuing operations (<i>HK cents</i>)		1.69	0.72
Diluted			
— For profit for the year (<i>HK cents</i>)		0.75	3.50
— For profit for the year from continuing operations (<i>HK cents</i>)		0.75	0.72

Details of the dividends payable and proposed for the year are disclosed in note 9 to this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u>25,553</u>	<u>47,150</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences:		
Currency translation differences of foreign operations	(79)	270
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon deconsolidation of a subsidiary	(666)	209
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon disposal of joint ventures	—	(32,289)
Share of other comprehensive income of joint ventures	<u>—</u>	<u>3,545</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	<u>(745)</u>	<u>(28,265)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>24,808</u>	<u>18,885</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2015

		2015	2014
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		8,468	6,373
Intangible assets		617,285	373,692
Notes receivable		—	45,583
Other non-current assets		2,441	1,710
		<u>628,194</u>	<u>427,358</u>
Current assets			
Inventories		2,416	2,120
Notes receivable		47,018	46,644
Trade and other receivables	10	272,409	66,663
Cash and cash equivalents		486,995	572,500
		<u>808,838</u>	<u>687,927</u>
Total assets		<u>1,437,032</u>	<u>1,115,285</u>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	12	16,150	13,459
Reserves	13	1,040,195	979,073
Total equity		<u>1,056,345</u>	<u>992,532</u>

31st March 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Current liabilities			
Derivative component of convertible bond		2,468	—
Borrowings		17,039	2,600
Trade and other payables	<i>11</i>	271,259	114,224
Income tax liabilities		32,254	5,093
		<u>323,020</u>	<u>121,917</u>
Non-current liabilities			
Liability component of convertible bond		56,881	—
Deferred tax liabilities		401	438
Other non-current liabilities		385	398
		<u>57,667</u>	<u>836</u>
Total liabilities		<u>380,687</u>	<u>122,753</u>
Total equity and liabilities		<u>1,437,032</u>	<u>1,115,285</u>
Net current assets		<u>485,818</u>	<u>566,010</u>
Total assets less current liabilities		<u>1,114,012</u>	<u>993,368</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2015

	Attributable to shareholders of the Company		
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i> <i>(note 13)</i>	Total <i>HK\$'000</i>
Balances at 1st April 2013	13,459	960,188	973,647
Comprehensive income			
Profit for the year	—	47,150	47,150
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	270	270
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	209	209
Reclassification adjustment for exchange differences included in the consolidated statement of 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	—	(28,265)	(28,265)
Total comprehensive income for the year	—	18,885	18,885
Balances as at 31st March 2014	13,459	979,073	992,532

	Attributable to shareholders of the Company		
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i> (note 13)	Total <i>HK\$'000</i>
Balances at 1st April 2014	13,459	979,073	992,532
Comprehensive income			
Profit for the year	—	25,553	25,553
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	(79)	(79)
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	(666)	(666)
Total other comprehensive income	—	(745)	(745)
Total comprehensive income for the year	—	24,808	24,808
Issue of Consideration Shares for a business combination (note 12)	2,691	57,309	60,000
Special dividend (note 9)	—	(20,995)	(20,995)
Balances as at 31st March 2015	16,150	1,040,195	1,056,345

NOTES

1. General information

North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and its joint ventures are principally engaged in the following businesses during the year:

- **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 11th June 2015.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised Listing Rules issued by the Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for the derivative component of convertible bond, which has been measured at fair value.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

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 to HKAS 39	<i>Novation of Derivatives and Continuation of Hedging 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>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1st July 2014

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 from continuing operations during the year are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales of goods	1,247,263	888,987
Commission and other service income	10,871	18,703
Consulting fee income	35,790	—
	<u>1,293,924</u>	<u>907,690</u>

3.2 Operating segment information

For management purposes, the Group is organised into four major reportable operating segments — hi-tech distribution and services, mining consulting (acquired during the year ended 31st March 2015), branded food (discontinued on 31st October 2013) and fishmeal, fish oil and aquatic products (disposed of on 19th September 2013). The hi-tech distribution and services and fishmeal, fish oil and aquatic products 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. The branded food operation segment derives revenue through the operation of quick service restaurants in Hong Kong under Burger King brand.

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance income, finance costs, fair value gain/(loss) from the Group's financial instruments 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, convertible bond and corporate and others.

Capital expenditure comprises additions to property, plant and equipment.

There are no significant sales between the operating segments during the year (2014: Nil). The operating results for the year are as follows:

Group

	Year ended 31st March 2015		
	Hi-tech distribution and services operation HK\$'000	Mining consulting operation HK\$'000	Total HK\$'000
Revenue			
— Sales to external customers	<u>1,258,134</u>	<u>35,790</u>	<u>1,293,924</u>
Segment results	<u>33,101</u>	<u>17,209</u>	50,310
Fair value gain on derivative component of convertible bond			13,838
Finance income			6,956
Finance costs			(1,220)
Corporate and other unallocated expenses			<u>(30,151)</u>
Profit before income tax			39,733
Income tax expense			<u>(14,180)</u>
Profit for the year			<u>25,553</u>
Capital expenditure	3,468	1,730	5,198
Corporate and other unallocated capital expenditure			<u>47</u>
			<u>5,245</u>
Depreciation	3,096	292	3,388
Corporate and other unallocated depreciation			<u>866</u>
			<u>4,254</u>

Group

	Year ended 31st March 2014		
	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>907,690</u>	<u>—</u>	<u>907,690</u>
Segment results	<u>20,291</u>	<u>(3,472)</u>	16,819
Finance income			5,592
Finance costs			(130)
Corporate and other unallocated expenses			<u>(9,293)</u>
Profit before income tax from continuing operations			12,988
Income tax expense			<u>(3,282)</u>
Profit for the year from continuing operations			9,706
Profit for the year from a discontinued operation (<i>note 7</i>)			<u>37,444</u>
Profit for the year			<u>47,150</u>
Capital expenditure	2,766	—	2,766
Corporate and other unallocated capital expenditure			<u>2,249</u>
			<u>5,015</u>
Depreciation	3,439	—	3,439
Corporate and other unallocated depreciation			<u>1,812</u>
			<u>5,251</u>

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

Group

	Hi-tech distribution and services operation HK\$'000	Mining consulting operation HK\$'000	Total HK\$'000
At 31st March 2015			
ASSETS			
Segment assets	608,456	291,616	900,072
Unallocated assets:			
Notes receivable			47,018
Cash and cash equivalents			486,995
Corporate and others			2,947
			<hr/>
Total assets per the consolidated statement of financial position			<u>1,437,032</u>
LIABILITIES			
Segment liabilities	261,079	9,068	270,147
Unallocated liabilities:			
Deferred tax liabilities			401
Income tax liabilities			32,254
Borrowings			17,039
Derivative component of convertible bond			2,468
Liability component of convertible bond			56,881
Corporate and others			1,497
			<hr/>
Total liabilities per the consolidated statement of financial position			<u>380,687</u>

Group

	Hi-tech distribution and services operation HK\$ '000	Total HK\$ '000
At 31st March 2014		
ASSETS		
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 consolidated statement of financial position		<hr/> <hr/> 1,115,285
LIABILITIES		
Segment liabilities	113,463	113,463
Unallocated liabilities:		
Deferred tax liabilities		438
Income tax liabilities		5,093
Borrowings		2,600
Corporate and others		1,159
		<hr/>
Total liabilities per the consolidated statement of financial position		<hr/> <hr/> 122,753

Geographical information

(a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and Asia. Revenue by geographical location is determined on the basis of the destination of shipment of goods for the hi-tech distribution, as well as the location of service performed by the mining consulting segment and the branded food segment (discontinued on 31st October 2013).

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

	2015			2014		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000
Hong Kong	631	—	631	—	59,802	59,802
Mainland China	1,247,263	—	1,247,263	876,621	—	876,621
Asia — Others	46,030	—	46,030	31,069	—	31,069
Total revenue	<u>1,293,924</u>	<u>—</u>	<u>1,293,924</u>	<u>907,690</u>	<u>59,802</u>	<u>967,492</u>

(b) Non-current assets

The non-current asset information is based on the location of assets and excludes 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:

	2015 HK\$'000	2014 HK\$'000
Hong Kong	627,844	381,399
Mainland China	214	181
Asia — others	<u>136</u>	<u>195</u>
	<u>628,194</u>	<u>381,775</u>

Information about a major customer

In the current year, revenue of approximately HK\$205,465,000 (2014: HK\$167,729,000) was derived from sales by the hi-tech distribution and services operating segment to a single customer, which accounted for more than 10% of the Group's total revenue.

4. Finance income and costs

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Finance income:		
Interest income from bank deposits	3,831	3,888
Interest income from notes receivables	702	468
Interest in discounted amounts arising from the passage of time	1,358	875
Net foreign exchange gains on financing activities	1,065	361
	<u>6,956</u>	<u>5,592</u>
Finance costs:		
Interest on bank loans wholly repayable within five years	486	130
Interest on convertible bond redeemable within five years	734	—
	<u>1,220</u>	<u>130</u>

5. Profit before income tax

The Group's profit before income tax from continuing operations is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Gain on deconsolidation of a subsidiary	(666)	—
Cost of inventories sold	1,083,935	769,452
Cost of consulting services provided	18,337	—
Depreciation of property, plant and equipment	4,254	5,251

6. 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% (2014: 16.5%) on the estimated assessable profit for the year.

Subsidiaries established in the Mainland China are subject to the Mainland China corporate income tax at the standard rate of 25% (2014: 25%).

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax		
— current year	5,755	2,777
— overprovision in prior years	(54)	—
Mainland China enterprise income tax		
— current year	207	490
Overseas taxation		
— current year	8,272	—
Deferred taxation	—	15
	<u>14,180</u>	<u>3,282</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 of Smart Tactic Group were no longer included in the Group’s results.

The results of Smart Tactic Group up to the completion date of disposal are presented below:

	2014 HK\$'000
Revenue	59,802
Expenses	(58,633)
Finance costs	<u>(1,059)</u>
Profit before tax	110
Income tax expense	<u>—</u>
Profit after tax	110
Gain on disposal of a discontinued operation	<u>37,334</u>
Profit for the year from a discontinued operation	<u><u>37,444</u></u>
Earnings per share from the discontinued operation:	
Basic and diluted (<i>HK cents</i>)	<u><u>2.78</u></u>

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

	2014
Profit attributable to ordinary shareholders of the parent from the discontinued operation (<i>HK\$</i>)	37,444,000
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations (<i>note 8</i>)	<u><u>1,345,938,948</u></u>

8. Earnings per share

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

Diluted earnings per share amounts for the year ended 31st March 2015 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the profit for the year ended 31st March 2015 are adjusted to reflect the interest expense on convertible bond less tax effect, if any.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31st March 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during 31st March 2014.

	2015			2014		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
Earnings						
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation (HK\$'000)	25,553	—	25,553	9,706	37,444	47,150
Interest on convertible bond (HK\$'000)	734	—	734	—	—	—
Fair value gain on derivative component of convertible bond (HK\$'000)	(13,838)	—	(13,838)	—	—	—
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation (HK\$'000)	<u>12,449</u>	<u>—</u>	<u>12,449</u>	<u>9,706</u>	<u>37,444</u>	<u>47,150</u>
Shares						
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,510,322,510	—	1,510,322,510	1,345,938,948	1,345,938,948	1,345,938,948
Effect of dilution – weighted average number of ordinary shares: Convertible bond	<u>146,630,137</u>	<u>—</u>	<u>146,630,137</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u>1,656,952,647</u>	<u>—</u>	<u>1,656,952,647</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 had been paid on 3rd December 2014.

Apart from this, the directors do not recommend the payment of any final dividend for the year ended 31st March 2015 (2014: Nil).

10. Trade and other receivables

	Group	
	2015	2014
	HK\$'000	HK\$'000
Trade and bills receivables	235,465	64,550
Prepayments, deposits and other receivables	36,944	2,113
	272,409	66,663

The Group's trading terms with its customers are mainly on letters of credit or documents against payment, and 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 the invoice date and net of impairment, as at the end of the reporting period is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
90 days or less	207,097	44,662
91 to 180 days	27,272	3,858
181 to 270 days	138	12,970
271 to 365 days	444	2,923
Over 365 days	514	137
	235,465	64,550

11. Trade and other payables

	Group	
	2015	2014
	HK\$'000	HK\$'000
Trade and bills payables	178,983	62,985
Other payables	92,276	51,239
	271,259	114,224

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
90 days or less	170,439	58,275
91 to 180 days	6,237	2,273
181 to 270 days	609	237
271 to 365 days	53	627
Over 365 days	1,645	1,573
	<u>178,983</u>	<u>62,985</u>

12. Share capital

	Ordinary shares of HK\$0.01 each		Preference shares of HK\$0.01 each		
	Number of shares '000	Ordinary share capital HK\$'000	Number of shares '000	Preference share capital HK\$'000	Total HK\$'000
Authorised:					
At 31st March 2014 and 2015	40,000,000	400,000	30,000,000	300,000	700,000
Issued:					
At 1st April 2013, 31st March 2014 and 1st April 2014	1,345,939	13,459	—	—	13,459
Issue of Consideration Shares for a business combination (note)	269,058	2,691	—	—	2,691
At 31st March 2015	1,614,997	16,150	—	—	16,150

Note:

During the year ended 31st March 2015, the Company has issued 269,058,296 consideration shares (“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 14), resulting in the increase of share capital and share premium by HK\$2,691,000 and HK\$57,309,000, respectively.

13. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2013	—	1,092,185	30,109	(162,106)	960,188
Profit for the year	—	—	—	47,150	47,150
Currency translation differences of foreign operations	—	—	270	—	270
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	—	209	—	209
Reclassification adjustment for exchange differences included in the consolidated statement of 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 comprehensive income for the year	—	—	(28,265)	47,150	18,885
Balances at 31st March 2014 and 1st April 2014	—	1,092,185	1,844	(114,956)	979,073
Profit for the year	—	—	—	25,553	25,553
Currency translation differences of foreign operations	—	—	(79)	—	(79)
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	—	(666)	—	(666)
Total comprehensive income for the year	—	—	(745)	25,553	24,808
Issue of Consideration Shares for a business combination (<i>note 12</i>)	57,309	—	—	—	57,309
Special dividend (<i>note 9</i>)	—	(20,995)	—	—	(20,995)
Balances at 31st March 2015	<u>57,309</u>	<u>1,071,190</u>	<u>1,099</u>	<u>(89,403)</u>	<u>1,040,195</u>

14. 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 the provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. The Acquisition was completed on 20th August 2014.

The fair value of the identifiable assets and liabilities of Dragon Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	1,807
Trade and other receivables	34,727
Cash and cash equivalents	10,320
Other payables	(4,309)
Income tax liabilities	(13,685)
	<hr/>
	28,860
Goodwill	243,593
	<hr/>
	272,453
	<hr/> <hr/>
Satisfied by:	
Cash	140,000
Consideration Shares (<i>note 12</i>)	60,000
Convertible bond at conversion price of HK\$0.25	72,453
	<hr/>
	272,453
	<hr/> <hr/>

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$18,823,000. The gross contractual amounts of the trade receivables and other receivables were HK\$18,823,000, of which no receivables are expected to be uncollectible.

The Group incurred transaction costs of HK\$2,533,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the consolidated statement of profit or loss.

CHAIRMAN'S STATEMENT

General Overview

During the fiscal year ended 31st March 2015 (the “year”), the Group had successfully acquired a mining consulting business (the “Dragon Group”). Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisition projects. The Group is confident that its profitability will be improved and benefited from high growth prospect of Dragon Group.

In order to support the Group's Hi-Tech distribution business and widen its customer base, a wholly foreign owned financial leasing company was established in Shanghai, China by the Group to provide additional financing options for its customers.

During the year, the Group had recorded a consolidated net profit of approximately HK\$26 million, representing a decrease of 45.8% from approximately HK\$47 million, respectively, in last year. However, excluding the disposal gains recorded from the branded food business and fishmeal business of HK\$37 million and HK\$24 million, respectively, there was a consolidated loss of approximately HK\$14 million in last year.

During the year, the Group has also carefully evaluated its cash resources and distributed about HK\$21 million to the shareholders as a special dividend in December 2014.

Division highlights

i) Hi-Tech Distribution and Service Division

During the year, the division achieved a net profit of approximately HK\$28 million on revenue of approximately HK\$1,258 million for the year, compared with the net profit of approximately HK\$17 million on revenue of approximately HK\$908 million last year.

Along with the wide-spread adoption of 4G-LTE network in China and in surrounding regions, the demand for 4G mobile handsets as well as mobile internet devices had benefitted many China manufacturers, driving a surge of investments not seen in the past few years. The growing interest in wearable electronics, internet connected products as well as automotive electronics creates opportunities of new investments in technology and equipment. During the year, American Tec successfully secured major strategic projects as well as new customers, expanding both its customer base and market share despite a highly competitive market.

To further enhance American Tec position in the fast growing mobile device market as well as internet related products segment, commonly termed as IoT (Internet of Things), our management team continues to maintain close partnership and collaboration with key business partner Fuji Machine Mfg Co., Ltd (“Fuji”), a manufacturer of high precision, leading edge technology SMT machines as well as many other industry leading peripheral equipment suppliers and business partners.

While the increasingly competitive environment and varying performance by some of our partners do have slight impact on our gross margins, American Tec was able to sign-up new distributorships with Shenmao, UBond, ANDA etc., expanding into new business segments of material distribution as well as automation solutions with higher gross margins. In addition, American Tec software business was able to win multiple strategic deals both in the automotive electronics and consumer electronics market segment.

The management team had also commissioned a project to further enhance management reporting and improving operational efficiency. Concurrently, we will also bring the company for ISO certification, with the aim of furthering process and documentation, system standardization so as to serve our customers better and differentiation from its competitors.

ii) Mining Consulting Division

During the year, the Group recorded from this division revenue and net profit of approximately HK\$36 million and approximately HK\$9 million respectively.

With the launch of China-led Asia Infrastructure Investment Bank (AIIB), the “One Belt, One Road” initiative (OBOR), which was announced by China’s chairman Xi Jinping on a visit to Kazakhstan in 2013, has become a topical issue again. The OBOR concerns 65 countries and 4.4 billion people, which includes the Silk Road Economic Belt which links the nation with Central Asia, Russia and the Baltic states over land, and building water routes with nations in Southeast Asia and around the Indian Ocean. The initiative calls for the integration of the region into a cohesive economic area through building infrastructure, increasing cultural exchanges, and broadening trade. By now, over two dozen Asian countries and some European and Oceanian countries have joined AIIB, which aims at assisting regional neighbors in infrastructure development and the creation of facilities to support the OBOR, followed by a series of announced and yet-to-be announced new policies. All these signals during the year have boosted the market outlook in the covered regions, especially Central Asia. It is anticipated that the regional infrastructure development in the near future, including logistics hubs, communication networks, airports, railway lines, modern highways, ports and so on, will inevitably stimulate the demand for commodities in the region and will introduce enormous opportunities for the rich mining resources in Central Asia despite the current downturn in the global mining industry.

As a business pioneer in Central Asia, Dragon Group is determined to seize the great chance and make full use of its resources and has positioned itself as a gateway to Central Asia for new investors. From the beginning of the year 2015, Dragon Group has adopted new marketing strategies and has been actively participating seminars and relevant business development activities. Dragon Group’s recent marketing activities have brought in loads of enquires about mining opportunities in Central Asia and Dragon Group has been approached by plentiful new potential customers.

During the year, some Southeast Asian countries underwent political changes which had certain side effect on the mining industry in the region. Since the mining industry in some countries is still undergoing market transformation, it is believed that in the long term these changes will influence the industry positively. Many countries, such as Indonesia, have in the meanwhile announced favorable policies to assist miners and investors on license procedures, tax and financing. As one of OBOR beneficiary regions, Southeast Asia also gains the popularity and attention in the international market, which will speed up the industry recovery.

Dragon Group will continue seeking new business opportunities in Southeast Asia during the market pick-up and looks forward to the expansion of service types in the region, from exploration to production.

Outlook

In the year, the Group had successfully acquired new business to bring new growth opportunity for the Group. The Group has been seeking potential investment opportunities in various industries that can improve shareholders' value and effectively manage, deploy and apply available cash resources to meet operational and investment needs. Going forward, the Group will continue to enhance the operational efficiency of various business divisions and with an aim to improve their profitability and shareholders' value.

APPRECIATION

We believe our long-term investment strategy, setting operating goals, motivating our staff and sharing success with business partners will be essential elements for the Group's success. I would like to take this opportunity to express my sincere gratitude to our business partners, our customers, the Board and our employees for their trust and support in the year. On behalf of the Board, I would also like to offer our utmost appreciation to our shareholders for their confidence in our Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Performance

During the fiscal year ended 31st March 2015 (the "year"), the Group recorded a consolidated revenue of approximately HK\$1,293,924,000, and consolidated net profit of approximately HK\$25,553,000, representing an increase of 42.6% from approximately HK\$907,690,000 and a decrease of 45.8% from approximately HK\$47,150,000, respectively, in the corresponding period last year. However, excluding the disposal gains recorded from the branded food business and fishmeal business of HK\$37,444,000 and HK\$23,835,000, respectively, there was a consolidated loss of approximately HK\$14,019,000 in last year.

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”) for a total consideration of HK\$260,000,000, satisfied by 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 for mergers and acquisitions projects. Upon completion of acquisition on 20th August 2014, Dragon Group became wholly-owned subsidiaries of the Group and all the assets and liabilities of the Dragon Group were consolidated to the consolidated financial statements of the Group.

During the year, the Group had successfully established a wholly foreign owned lease company (“leasing company”) in Shanghai, China and the leasing company had already 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 the financial and business highlights of our business divisions. The profit/loss figures, disclosed below, do not include any intra-group charges, as they are eliminated upon consolidation.

Hi-tech Distribution and Services Division

Our hi-tech distribution and services division conducted business through our wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 28 years serving its customers in the hi-technology sector. Our team of more than 250 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. We are especially well positioned with the growing base of Chinese manufacturers. Our suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe. With its leading market position, American Tec signed new distribution and service agreements with some leading SMT and software suppliers during the year to complement our major partnership with Fuji Machine Mfg. Co., Ltd. to offer a comprehensive and competitive SMT solution.

During the year, this division recorded a revenue of approximately HK\$1,258,134,000, representing an increase of about 38.6% from approximately HK\$907,690,000 last year. This year on year increase in revenue was mainly due to the winning of multiple major projects as well as

growing orders for our software solutions. During the year, the division recorded approximately HK\$1,164,241,000 of direct machine sales, HK\$9,242,000 of software sales, HK\$73,780,000 of spare parts sales and HK\$10,871,000 of commission and other service income for the year, compared with approximately HK\$825,026,000 of direct machine sales, HK\$4,357,000 of software sales, HK\$59,604,000 of spare parts sales and HK\$18,703,000 of commission and other service income last year. Direct machine sales was increased by 41.1% as compared with last year and it was mainly due to stronger customer order for SMT equipment across the electronics manufacturing sector, such as increase in the orders from the mobile and internet device manufacturers in China. Also, the spare parts sales was increased by 23.8% as compared with last year and it was mainly due to increase in demand from the manufactures on the manufacturing accessories for their machines' modification to cope with their new products' productions with new decide and specification on the mobile phones and tablets. During the year, the software sales has significant increased by 112.1% as compared with last year and it was mainly due to a new software project on manufacturing execution system with one of our major customers was deployed and implemented during the year.

American Tec's management has taken varies measures to maintain operating cost efficiency and has achieved great success in profitability. During the year, the division recorded a net profit of approximately HK\$28,013,000 representing an increase of 62.1% from last year's net profit of approximately HK\$17,282,000.

Mining Consulting Division

Our mining consulting division conducted business through our wholly-owned subsidiary, Dragon Mining Overseas Limited and its subsidiaries ("Dragon Group"). 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 offer high growth prospects. The senior management team members have over 10 years of experience through various international mining consulting and mining companies. 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 knowledge. During the year, Dragon Group has provided services to various projects in Central Asia, Southeast Asia and other districts including Hong Kong.

During the year, post-acquisition revenue and net profit recorded by this division were approximately HK\$35,790,000 and HK\$8,993,000 respectively. Dragon Group's revenue derived from projects in Central Asia, Southeast Asia and other districts including Hong Kong accounted for 69%, 30% and 1% of its total revenue. Furthermore, the full year revenue of Dragon Group amounted to approximately HK\$51,068,000, representing an increase of 50% from approximately HK\$33,718,000 in previous year. The increase was mainly due to Dragon Group's business expansion in Central Asia which contributed most of the increment.

Business Update

Southeast Asia – Indonesia – Copper-Gold Project

Dragon Group has been working in Indonesia since 2012 and Dragon's professional team has profound experience in exploration work in the Philippines, Cambodia and other countries in the region. Dragon Group has been engaged in laboratory operation, processing plant management, public relationship management and drilling services mainly to a copper-gold polymetallic project ("Copper-Gold Project") in this region. However, this project has been affected by some incidents such as shortage of water supply due to adverse drought season in the second quarter of the year and local community's concerns on the drilling activities in the first quarter of the year 2015 that led to postponement of the drilling work. Although the concerns have been addressed and conversations with the local community are in progress, the project owner is considering re-allocating the capital and human resources from conducting exploration to resuming production in an area whose local community supports the mining activities. Dragon Group thus is expected to serve as a mining consultant by providing mining recommendations and to assist in logistics and preparation work for the production activities in the second half of the year 2015. During the year, Dragon's business in Southeast Asia contributed around 30% or approximately HK\$15,072,000 to its full year revenue and 12% or approximately HK\$4,314,000 to its post-acquisition revenue.

Central Asia – Kazakhstan Gold Project and Tungsten Project

Dragon Group started business in Central Asia since 2012 by providing operation management, technical consulting, underground sampling, drilling, data digitization, resource modelling and other related services. During the year, there were two major projects operated by the Dragon Group. These include a gold exploration management project (the "Kazakhstan Gold Project") and a tungsten resources confirmation project (the "Tungsten Project") in this region. Dragon Group has quickly and successfully established its brand in Central Asia, especially in Kazakhstan, with positive market feedbacks.

For the Kazakhstan Gold Project, Dragon Group provided management operation, technical consulting, marketing and other related services. At the end of the year, Dragon Group assisted the client to complete the first phase of exploration with satisfaction. Dragon Group and the client are now discussing and preparing for the second phase of exploration. During the year, Dragon Group also completed the Tungsten Project in Kazakhstan, where, Dragon Group provided underground sampling, drilling digitization, modelling and related services to this project.

During the year, Dragon's business in Central Asia contributed around 69% or approximately HK\$35,272,000 to its full year revenue and 86% or approximately HK\$30,887,000 to its post-acquisition revenue.

Other districts including Hong Kong

Dragon Group provides technical consulting, valuation and other consulting services for customers in this region. During the year, Dragon's business in this district contributed around 1% or approximately HK\$724,000 to its full year revenue and 2% or approximately HK\$589,000 to its post-acquisition revenue.

Outlook

Overall Summary

We expect to see a gradual improvement in global economy in 2015. The global stock markets had been continued to show upside momentum. The improvement in the capital market offers the more flexibility to the Group's strategy in managing its capital and making investments. Further, with the launch of China-led Asia Infrastructure Investment Bank, the OBOR set the new development road map for China and surrounding nations and regions. We expect OBOR offers enormous opportunities to our mining consulting businesses in the coming year. Our focus will be continued to manage cash, costs and risks and, to build our strength during these times by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

The introduction of 4G-LTE network in China had help spur demands for new mobile handsets as well as internet devices last year. However, as user base reaches maturity and replacement of feature phones and older generation 3G handsets levels out, the growth of mobile phone demand is expected to slow down in the coming year. However, as mobile phone and internet device manufacturers' rolls out new models with increasing features and functions, the need for more advanced and faster machines will continue. This year, our partners will be introducing higher speed placement machines, new generation 3D inspection systems and automation equipment which we believe will be well received by our customers. The launch of "Industry 4.0" initiative, coupled with the China governments push for "Smart Manufacturing 2025" project is expected to expedite the adoption of more automations in the manufacturing industry, creating demands for more technologically advanced machines as well as software. With this outlook, we will continue to work closely with our partners to provide more competitive product offerings and solutions to our customers and we will continue to invest in our service and support infrastructure so as to attain total customer satisfaction and customer retention. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to protect our cash flow and profitability, as well as the long term sustainability and growth of our business.

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, with China's OBOR strategy. Dragon Group believes that the OBOR

will not only stimulate local demands in the short term, but will also greatly enhance the investment environment in the covered regions in the long term. With abounding mineral resources, friendly investment environment and OBOR impact, mines in Central Asia will be the hot pursuit in market and will continue generating enormous opportunities for Dragon Group.

Since the launch of new marketing strategies, Dragon Group has been approached by several potential clients regarding possible projects in Central Asia, including technical consulting projects and exploration projects. Dragon Group forecasts the new projects will be launched gradually in the coming quarter and which will bring in new sources of income.

Dragon Group is determined to seize the enormous development opportunities brought by OBOR and achieve its long-term and sustainable growth within the foreseeable future.

Liquidity and Financial Resources

During the year, the Group generally finance its operation with internally generated resources and banking facilities provided by its principal bankers in Hong Kong. As at 31st March 2015, the Group had floating-interest bank borrowing of approximately HK\$17,039,000 (2014: approximately HK\$2,600,000), which was denominated in Hong Kong dollar. As at 31st March 2015, the Group had banking facilities of approximately HK\$465,470,000 (2014: approximately HK\$283,516,000) from several banks for loans and trade financing. As at 31st March 2015, banking facilities of approximately HK\$143,222,000 were utilised by the Group (2014: approximately HK\$50,217,000). These facilities were secured by corporate guarantees of approximately HK\$318,303,000 (2014: approximately HK\$318,425,000) provided by the Company and a government guarantee of approximately HK\$200,000 (2014: approximately HK\$2,600,000) provided by the Government of the Hong Kong Special Administrative Region. As at 31st March 2015, the Group had total assets of approximately HK\$1,437,032,000 (2014: approximately HK\$1,115,285,000) and total liabilities of approximately HK\$380,687,000 (2014: approximately HK\$122,753,000). The gearing ratio of the Group, which was calculated as total liabilities over total assets was 26.5% (2014: 11.0%).

Placing of New Shares

On 30th March 2015, the Company entered into a Placing Agreement with a Placing Agent in relation to the Placing. Pursuant to the Placing Agreement, the Company has agreed to place, through the Placing Agent on a best effort basis 300,000,000 new Shares to the Placee at the Placing Price of HK\$0.105 per Placing Share and the Placing Shares represent approximately 15.67% of the issued Shares as enlarged by the allotment and issue of the Placing Shares. On 15th April 2015, the Company completed the Placing, raising net proceeds of approximately HK\$30 million. The net proceeds were intended to be used for general working capital of the Group. Further details are contained in the Company's announcements dated 30th March 2015 and 15th April 2015, respectively.

Contingent Liabilities

As at 31st March 2015, the Group had no material contingent liabilities.

Net Asset Value

Consolidated net asset value attributable to ordinary shareholders of the Company per ordinary share was approximately HK\$0.647 as at 31st March 2015 which reflected a decrease of HK\$0.09 from the corresponding figure as at 31st March 2014 of approximately HK\$0.737.

Comparative figures

As explained below, certain comparative figures in the unaudited consolidated statement of profit or loss as included in third quarterly report for the year 2014/15 were re-presented as compared to the amounts previously stated in the 2013/14 third quarterly report to conform with the presentation of the Group's annual financial statements for the year ended 31st March 2014.

The gain on the written back of guarantee fee amounted to HK\$14,755,000 was reclassified from "Share of profits and losses of joint ventures" to "Gain on disposal of joint ventures" after considering the fact that the waiver was conditional upon the completion of the disposal, while the gain on disposal of a discontinued operation amounted to HK\$23,835,000 was reclassified from a separate line item on the face of the consolidated statement of profit or loss to being included in "Profit for the period from a discontinued operation" with reference to the relevant accounting standard.

Number of Employees and Remuneration Policies

As at 31st March 2015, the Group employed 280 (2014: 252) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs from continuing operations including contribution to retirement benefit schemes incurred during the year amounted to approximately HK\$75,857,000 (2014: HK\$72,455,000).

Capital Commitments

The Group's contractual commitments are primarily related to the operating lease commitments of its office premises and certain of its office equipment under operating lease arrangements. The Group's operating lease commitments amounted to approximately HK\$12.9 million and HK\$11.4 million in the aggregate as at 31st March 2015 and 31st March 2014, respectively.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31st March 2015.

CORPORATE GOVERNANCE PRACTICES

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. Throughout the year ended 31st March 2015, the Company complied with all the Code provisions with the exceptions addressed below and, where appropriate, adopted the recommended best practices set out in the Code.

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

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, Mr. James Tsiolis, Non-executive Director elected by the shareholders at the general meeting of the Company, was not 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.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Due to other important engagement at the relevant time, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King, being a non-executive Director and an independent non-executive Director of the Company respectively, were unable to attend the annual general meeting of the Company held on 4th September 2014. Besides, Mr. James Tsiolis and Mr. Stephen Luk Kai Ming, being the Deputy Chairman as well as non-executive and an independent non-executive Director of the Company respectively, were unable to attend the special general meeting of the Company held on 8th August 2014. However, the Chairman and the Chairmen of the Board committees attended the special general meeting and the annual general meeting of the Company held in August and September 2014 respectively.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing 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 during the year ended 31st March 2015.

AUDIT COMMITTEE

Throughout the year and up to the date of this announcement, the audit committee of the Company comprises of not less than three members, namely Mr. Joseph Liang Hsien Tse, Mr. Stephen Luk Kai Ming (who ceased to be a member upon his resignation as an independent non-executive Director of the Company on 10th April 2015), Mr. Kenneth Kon Hiu King and Mr. Pierre Tsui Kwong Ming (who became a member since 6th February 2015), all being independent non-executive Directors. The committee is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters.

The Board has adopted a set of the revised terms of reference of the audit committee to align 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 audit committee meets at least four times a year to discuss any area of concern during the audits or reviews and at least twice of the meetings shall be with the external auditors. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual financial statements of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

The Group's annual results for the year ended 31st March 2015 have been reviewed by the audit committee.

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

Hong Kong, 11th June 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. Joseph Liang Hsien Tse, Mr. Kenneth Kon Hiu King and Mr. Pierre Tsui Kwong Ming (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.