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 2016

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.

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 the issuer. 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 2016, together with the comparative audited figures of the corresponding year ended 31st March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**1,243,927**	1,293,924
Cost of sales		**(1,062,213)**	(1,116,189)
Gross profit		**181,714**	177,735
Other income and gains, net		**10,063**	10,167
Selling and distribution expenses		**(92,337)**	(87,117)
General and administrative expenses		**(116,762)**	(80,626)
Impairment on goodwill	*9*	**(243,593)**	—
Operating profit/(loss)		**(260,915)**	20,159
Fair value gain/(loss) on derivative component of convertible bond		**(1,205)**	13,838
Finance income	*4*	**3,003**	6,956
Finance costs	*4*	**(2,510)**	(1,220)
Profit/(loss) before income tax	*5*	**(261,627)**	39,733
Income tax expense	*6*	**(9,703)**	(14,180)
PROFIT/(LOSS) FOR THE YEAR		**(271,330)**	25,553
Earnings/(loss) per share attributable to ordinary shareholders of the Company	*7*		
Basic *(HK cents)*		**(14.25)**	1.69
Diluted *(HK cents)*		**(14.25)**	0.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2016

	2016	2015
	HK$'000	*HK$'000*
Profit/(loss) for the year	**(271,330)**	25,553
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	**(851)**	(79)
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon deconsolidation of a subsidiary	—	(666)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	**(851)**	(745)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(272,181)**	24,808

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**6,828**	8,468
Intangible assets	*9*	**373,692**	617,285
Held-to-maturity investments	*10*	**32,241**	—
Trade and other receivables	*11*	**41,438**	2,441
		454,199	628,194
Current assets			
Inventories		**5,156**	2,416
Held-to-maturity investments	*10*	**40,102**	—
Note receivable		—	47,018
Trade and other receivables	*11*	**202,091**	272,409
Cash and cash equivalents		**592,646**	486,995
		839,995	808,838
Total assets		**1,294,194**	1,437,032
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	*14*	**19,150**	16,150
Reserves	*15*	**795,182**	1,040,195
Total equity		**814,332**	1,056,345

	Notes	**2016** *HK$'000*	2015 *HK$'000*
LIABILITIES			
Current liabilities			
Derivative component of convertible bond	*12*	**3,673**	2,468
Borrowings		**—**	17,039
Trade and other payables	*13*	**376,321**	271,259
Income tax liabilities		**34,719**	32,254
		414,713	323,020
Non-current liabilities			
Liability component of convertible bond	*12*	**58,155**	56,881
Deferred tax liabilities		**494**	401
Deposits received		**5,961**	—
Other non-current liabilities		**539**	385
		65,149	57,667
Total liabilities		**479,862**	380,687
Total equity and liabilities		**1,294,194**	1,437,032
Net current assets		**425,282**	485,818
Total assets less current liabilities		**879,481**	1,114,012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2016

	Attributable to shareholders of the Company		
	Share capital	**Reserves**	**Total**
	HK$'000	*HK$'000* *(note 15)*	*HK$'000*
Balances at 1st April 2014	13,459	979,073	992,532
Comprehensive income			
Profit for the year	—	25,553	25,553
Other comprehensive income			
Currency translation differences of foreign operations	—	(79)	(79)
Reclassification adjustment for exchange differences include 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 14(i))*	2,691	57,309	60,000
Special dividend *(note 8)*	—	(20,995)	(20,995)
Balances as at 31st March 2015 and 1st April 2015	**16,150**	**1,040,195**	**1,056,345**
Comprehensive income			
Loss for the year	**—**	**(271,330)**	**(271,330)**
Other comprehensive income			
Currency translation differences of foreign operations	**—**	**(851)**	**(851)**
Total other comprehensive income	**—**	**(851)**	**(851)**
Total comprehensive income for the year	**—**	**(272,181)**	**(272,181)**
Issue of shares *(note 14(ii))*	**3,000**	**27,168**	**30,168**
Balances as at 31st March 2016	**19,150**	**795,182**	**814,332**

NOTES

1. General information

North Asia Strategic Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") 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;

- **finance leasing**: provision of finance to its customers via a wide array of assets under finance lease arrangements; 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 that of its principal place of business is 18th Floor, Shanghai Commercial Bank Tower, 12 Queen's Road Central, 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 23rd June 2016.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of this announcement is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

This financial information has 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. 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 for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefits Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

3. Revenue and segment information

3.1 Revenue

Revenue represents sales of goods, commission and other service income, consulting fee income and finance leasing income. The amounts of each category of revenue recognised during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of goods	**1,222,156**	1,247,263
Commission and other service income	**11,326**	10,871
Consulting fee income	**8,130**	35,790
Finance leasing income	**2,315**	—
	1,243,927	1,293,924

3.2 Operating segment information

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before income tax. The adjusted profit/loss before income tax is measured consistently with the Group's profit/loss 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 and trade and other receivables. Unallocated assets comprise cash and cash equivalents, held-to-maturity investments, note receivable and corporate and others.

Segment liabilities consist primarily of trade and other payables, deposits received 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 years ended 31st March 2016 and 2015. The operating results for the year are as follows:

	Year ended 31st March 2016			
	Hi-tech distribution and services operation	**Mining consulting operation**	**Finance leasing operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
— Sales to external customers	**1,233,482**	**8,130**	**2,315**	**1,243,927**
Segment results	**40,237**	**(271,659)**	**(2,330)**	**(233,752)**
Fair value loss on derivative component of convertible bond				**(1,205)**
Finance income				**3,003**
Finance costs				**(2,510)**
Corporate and other unallocated expenses				**(27,163)**
Loss before income tax				**(261,627)**
Income tax expense				**(9,703)**
Loss for the year				**(271,330)**
Capital expenditure	**4,435**	**258**	**741**	**5,434**
Corporate and other unallocated capital expenditure				**53**
				5,487

	Year ended 31st March 2016			
	Hi-tech distribution and services operation	**Mining consulting operation**	**Finance leasing operation**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation	**2,788**	**888**	**14**	**3,690**
Corporate and other unallocated depreciation				**658**
				4,348
Gain on disposal of a subsidiary	—	—	—	—
Corporate and other unallocated gain on disposal of a subsidiary				**1,848**
				1,848
Provision for impairment of trade and other receivables	—	**(19,951)**	—	**(19,951)**
Gain/(loss) on disposal of items of property, plant and equipment	**802**	**(965)**	—	**(163)**
Impairment of goodwill	—	**(243,593)**	—	**(243,593)**

	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	1,258,134	35,790	1,293,924
Segment results	33,101	17,209	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			(30,151)
Profit before income tax			39,733
Income tax expense			(14,180)
Profit for the year			25,553
Capital expenditure	3,468	1,730	5,198
Corporate and other unallocated capital expenditure			47
			5,245
Depreciation	3,096	292	3,388
Corporate and other unallocated depreciation			866
			4,254
Loss of disposal of items of property, plant and equipment	392	226	618

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

	Hi-tech distribution and services operation *HK$'000*	**Mining consulting operation** *HK$'000*	**Finance leasing operation** *HK$'000*	**Total** *HK$'000*
At 31st March 2016				
ASSETS	**516,108**	**25,941**	**81,185**	**623,234**
Segment assets				
Unallocated assets:				
Held-to-maturity investments				**72,343**
Cash and cash equivalents				**592,646**
Corporate and others				**5,971**
Total assets per the consolidated statement of financial position				**1,294,194**
LIABILITIES				
Segment liabilities	**367,291**	**1,646**	**11,934**	**380,871**
Unallocated liabilities:				
Deferred tax liabilities				**494**
Income tax liabilities				**34,719**
Derivative component of convertible bond				**3,673**
Liability component of convertible bond				**58,155**
Corporate and others				**1,950**
Total liabilities per the consolidated statement of financial position				**479,862**

	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:			
Note receivable			47,018
Cash and cash equivalents			486,995
Corporate and others			2,947
Total assets per the consolidated statement of financial position			1,437,032
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
Total liabilities per the consolidated statement of financial position			380,687

Geographical information

(a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and the rest of 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 location of the customers by the finance leasing segment.

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

	2016	2015
	HK$'000	*HK$'000*
The People's Republic of China including Hong Kong	**1,221,729**	1,247,894
Asia – others	**22,198**	46,030
Total revenue	**1,243,927**	1,293,924

(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:

	2016	2015
	HK$'000	*HK$'000*
The People's Republic of China including Hong Kong	**421,926**	628,058
Asia – others	**32**	136
	421,958	628,194

Information about a major customer

In the current year, revenue of approximately HK$132,155,000 (2015: HK$205,465,000) 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 is as follows:

	2016	2015
	HK$'000	*HK$'000*
Finance income:		
Interest income from bank deposits	**1,519**	3,831
Interest income from note receivable	**234**	702
Interest in discounted amounts arising from the passage of time	**484**	1,358
Interest income from held-to-maturity investments	**766**	—
Net foreign exchange gains on financing activities	**—**	1,065
	3,003	6,956
Finance costs:		
Interest on bank loans	**839**	486
Amortisation of liability component of convertible bond	**1,274**	734
Net foreign exchange losses on financing activities	**397**	—
	2,510	1,220

5. Profit/(loss) before income tax

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

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**1,047,095**	1,083,935
Cost of consultancy services provided	**1,835**	18,337
Other costs	**13,283**	13,917
	1,062,213	1,116,189
Net foreign exchange (gains)/losses	**(1,767)**	790
Depreciation of property, plant and equipment	**4,348**	4,254
Impairment of goodwill	**243,593**	—
Employment costs	**91,572**	75,857
Minimum lease payments under operating leases	**12,273**	10,330
Provision for impairment of trade and other receivables	**19,951**	—
Loss on disposal of property, plant and equipment, net	**163**	618
Auditors' remuneration	**1,650**	1,650

6. Income tax expense

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

Subsidiaries established in the Mainland China are subject to Mainland China corporate income tax at the standard rate of 25% (2015: 25%).

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits 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 represent:

	2016	2015
	HK$'000	*HK$'000*
Current taxation		
Hong Kong profits tax		
— current year	**7,243**	5,755
— overprovision in prior years	**—**	(54)
Mainland China corporate income tax		
— current year	**422**	207
Overseas taxation		
— current year	**1,950**	8,272
Deferred taxation	**88**	—
	9,703	14,180

7. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the Group's loss attributable to shareholders of the Company of HK$271,330,000 (2015: profit of HK$25,553,000), and the weighted average number of ordinary shares of 1,903,521,834 (2015: 1,510,322,510) in issue, as adjusted to reflect the placing of shares (note 14) during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31st March 2016 in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2015
	HK$'000
Earnings	
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation	25,553
Interest on convertible bond	734
Less: Fair value gain on derivative component of convertible bond	(13,838)
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation	12,449

	Number of shares
	2015
Shares	
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,510,322,510
Effect of dilution – weighted average number of ordinary shares:	
Convertible bond	146,630,137
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	1,656,952,647

8. Dividends

The Directors do not recommend the payment of any final dividend for the year ended 31st March 2016 (2015: Nil).

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 was paid on 3rd December 2014.

9. Intangible assets

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units identified according to operating segments. A segment-level summary of the goodwill allocation is presented below:

	2016	2015
	HK$'000	*HK$'000*
Hi-tech distribution and services operation	**373,692**	373,692
Mining consulting operation	**243,593**	243,593
	617,285	617,285
Less: Impairment loss recognised		
Mining consulting operation	**(243,593)**	—
	373,692	617,285

With respect to the goodwill allocated to the mining consulting operation cash-generating unit, its recoverable amount has been determined based on the anticipated profitability that could be derived from the mining consulting operation from the continued revenue of existing projects and forecasted revenue from potential projects. The Group has been closely monitoring the development and negotiations of these projects since the acquisition of the mining consulting operation cash-generating unit and an impairment test on the goodwill allocated to the mining consulting operation cash-generating unit would be performed if events or changes in circumstances indicate that the carrying amount of the goodwill may be impaired.

In view of the continued negative outlook of the commodities and mining sector in the near to medium term, including the decline in commodity prices worldwide with increased volatility, the Group's mining consulting operation perceives increasing financial constraints in terms of availability of exploration funding to, and willingness to commit to substantiate capital investment by, the Group's existing and potential customers in their capital expenditure program budget for new exploration. This has led to increasing difficulty in collection of payments and in securing commercially acceptable terms for the continuation of further works for existing projects and new contracts closing.

The deterioration in market conditions coincided with the most unexpected resignation of Mr. Jacky Chan Sik Lap ("Mr. Chan"), founder and CEO of Dragon Mining Overseas Limited and its subsidiaries (the "Dragon Group"), as announced by the Company on 8th September 2015. Shortly after Mr. Chan's departure, a few other senior members of the Dragon Group also resigned. Due to these circumstances surrounding the Dragon Group, the Group had reviewed the performance and operations of the mining consulting operation cash-generating unit and reassessed the recoverable amount of the Dragon Group.

Based on the value in use calculation prepared by an independent consultant, the recoverable amount of this cash-generating unit of nil as at 31st March 2016 was lower than the carrying amount of the cash-generating unit, principally the goodwill, and accordingly a total impairment loss of approximately HK$243,593,000 was recognised in profit or loss for the year ended 31st March 2016 (2015: Nil). The reduction in the recoverable amount of the mining consulting operation cash-generating unit as compared with that as at 31st March 2015 was driven by the substantial reduction in the expected net cash inflow from the mining consulting operation.

The recoverable amount of the mining consulting operation cash-generating unit has been determined based on a value in use calculation using pre-tax cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to cash flow projections is 18.4% (2015: 17.7%) with a terminal growth rate of nil (2015: 3%). The growth rate used does not exceed the long-term average growth rates for the business in which the mining consulting operation cash-generating unit operates.

Apart from the aforesaid impairment of goodwill, there was no movement in other intangible assets of the Group during the years ended 31st March 2016 and 2015.

10. Held-to-maturity investments

	2016	2015
	HK$'000	*HK$'000*
Listed debt investments, at amortised cost	**72,343**	—
Less: current portion	**(40,102)**	—
	32,241	—

The effective interest rates of the held-to-maturity investments ranged from 0.3% to 7.0% per annum and these investments will mature between May 2016 and December 2017.

11. Trade and other receivables

	2016	2015
	HK$'000	*HK$'000*
Trade and bills receivables	**148,561**	235,465
Less: Impairment of trade receivables	**(19,189)**	—
Trade and bills receivables, net *(note (a))*	**129,372**	235,465
Finance lease receivables, net *(note (b))*	**71,032**	—
Less: non-current portion*	**(38,545)**	—
Finance lease receivables, net *(note (b))*	**32,487**	—
Prepayments	**12,033**	12,220
Rental and other deposits	**4,770**	3,516
Other receivables	**27,084**	23,649
Less: Impairment of other receivables	**(762)**	—
	43,125	39,385
Less: non-current portion*	**(2,893)**	(2,441)
Prepayments, deposits and other receivables, net	**40,232**	36,944
Total trade and other receivables, current portion	**202,091**	272,409
* Total trade and other receivables, non-current portion	**41,438**	2,441

(a) Trade and bills receivables, net

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:

	2016	2015
	HK$'000	*HK$'000*
90 days or less	**109,725**	207,097
91 to 180 days	**9,527**	27,272
181 to 270 days	**10,063**	138
271 to 365 days	**6**	444
Over 365 days	**51**	514
	129,372	235,465

(b) Finance lease receivables, net

	2016 *HK$'000*	2015 *HK$'000*
Gross investment in finance leases	**76,907**	—
Less: unearned finance lease income	**(5,875)**	—
Present value of minimum lease amount receivables	**71,032**	—
Less: accumulated allowance for impairment *(note)*	**—**	—
	71,032	—
Less: current portion	**(32,487)**	—
	38,545	—

Note:

The Directors are of the view that the credit risk inherent in the Group's outstanding finance lease receivables balances due from third party customers is low. The Group has not encountered any default in the collection of the scheduled payments of finance lease receivables. No impairment allowance was made for the finance lease receivables as at 31st March 2016.

The analysis of the Group's gross investment in finance leases and present value of minimum lease amounts receivable under finance leases by relevant maturity groupings at the end of the reporting period is as follows:

	Gross amounts		**Present values**	
	2016 ***HK$'000***	2015 *HK$'000*	**2016** ***HK$'000***	2015 *HK$'000*
Within 1 year	**36,424**	—	**32,487**	—
After 1 year but not more than 2 years	**32,691**	—	**31,005**	—
After 2 years	**7,792**	—	**7,540**	—
	76,907	—	**71,032**	—

12. Convertible bond

	2016	2015
	HK$'000	*HK$'000*
Convertible bond	**58,155**	56,881
Derivative component of convertible bond	**3,673**	2,468

On 20th August 2014, the Company issued convertible bond in the principal amount of HK$60,000,000 to Million Land Limited, for the partial settlement of the Acquisition (as defined in note 16 to this announcement). The maturity date of the convertible bond is on the third anniversary of the date of issuance, or if not a business day (excluding Saturday and Sunday), the first business day thereafter (i.e. 21st August 2017). The convertible bond bears no interest on the principal amount. No security or guarantee is granted in respect of the convertible bond. The convertible bond can be converted into 240,000,000 ordinary shares at the initial conversion price of HK$0.25 per conversion share (subject to adjustment pursuant to the terms of the convertible bond).

Unless previously converted, the Company shall redeem the convertible bond on the maturity date at the redemption amount which is 100% of the principal amount. Any amount of the convertible bond which is redeemed by the Company will forthwith be cancelled. At 31st March 2016 and 2015, no convertible bond was converted and the outstanding principal amount of the convertible bond was HK$60,000,000.

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

	Liability component	**Derivative component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1st April 2014	—	—	—
Issue of convertible bond for a business combination *(note 16)*	56,147	16,306	72,453
Amortisation of liability component of convertible bond *(note 4)*	734	—	734
Fair value gain on derivative component of convertible bond	—	(13,838)	(13,838)
At 31st March 2015 and 1st April 2015	**56,881**	**2,468**	**59,349**
Amortisation of liability component of convertible bond *(note 4)*	**1,274**	**—**	**1,274**
Fair value loss on derivative component of convertible bond	**—**	**1,205**	**1,205**
At 31st March 2016	**58,155**	**3,673**	**61,828**

13. Trade and other payables

	2016	2015
	HK$'000	*HK$'000*
Trade and bills payables	**291,023**	178,983
Accrual for operating expenses	**57,132**	53,523
Receipts in advance	**11,402**	23,642
Deposits received	**1,853**	—
Other payables	**14,911**	15,111
	376,321	271,259

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

	2016	2015
	HK$'000	*HK$'000*
90 days or less	**175,608**	170,439
91 to 180 days	**7,521**	6,237
181 to 270 days	**2,316**	609
271 to 365 days	**104,224**	53
Over 365 days	**1,354**	1,645
	291,023	178,983

14. 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 2015 and 2016	40,000,000	400,000	30,000,000	300,000	700,000
Issued:					
At 1st April 2014	1,345,939	13,459	—	—	13,459
Issue of Consideration Shares for a business combination *(note (i))*	269,058	2,691	—	—	2,691
At 31st March 2015 and 1st April 2015	**1,614,997**	**16,150**	**—**	**—**	**16,150**
Issue of shares *(note (ii))*	**300,000**	**3,000**	**—**	**—**	**3,000**
At 31st March 2016	**1,914,997**	**19,150**	**—**	**—**	**19,150**

Notes:

(i) During the year ended 31st March 2015, the Company issued 269,058,296 consideration shares ("Consideration Shares") of HK$0.01 each at a price of HK$0.223 per share for the partial settlement of the Acquisition (as defined in note 16), resulting in the increases in share capital and share premium of HK$2,691,000 and HK$57,309,000, respectively.

(ii) On 15th April 2015, the Company issued 300,000,000 new ordinary shares to Ms. Lu Ying ("Ms. Lu"), holder of the convertible bond, at a placing price of HK$0.105 per placing share, pursuant to the placing agreement which the Company entered into on 30th March 2015 with the placing agent to place new shares on a best efforts basis. The placement transaction costs included legal fees and other professional fees of approximately HK$1,332,000. The placing of shares resulted in the increases in share capital and share premium of HK$3,000,000 and HK$27,168,000, respectively.

15. Reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Cumulative translation adjustments *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Balances at 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 *(note 14(i))*	57,309	—	—	—	57,309
Special dividend *(note 8)*	—	(20,995)	—	—	(20,995)
Balances at 31st March 2015 and at 1st April 2015	**57,309**	**1,071,190**	**1,099**	**(89,403)**	**1,040,195**
Loss for the year	**—**	**—**	**—**	**(271,330)**	**(271,330)**
Currency translation differences of foreign operations	**—**	**—**	**(851)**	**—**	**(851)**
Total comprehensive income for the year	**—**	**—**	**(851)**	**(271,330)**	**(272,181)**
Issue of shares *(note 14(ii))*	**27,168**	**—**	**—**	**—**	**27,168**
Balances at 31st March 2016	**84,477**	**1,071,190**	**248**	**(360,733)**	**795,182**

16. Business combination

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire equity interests in the Dragon Group and the shareholder's loan owed by the 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). The Dragon Group is principally engaged in the provision of advisory services in mining exploration, and exploitation and valuation services for mergers and acquisitions projects. The Acquisition was completed on 20th August 2014.

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

	Fair value and carrying amount
	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)
	28,860
Goodwill	243,593
	272,453
Satisfied by:	
Cash	140,000
Consideration Share	60,000
Convertible bond at conversion price of HK$0.25 *(note 12)*	72,453
	272,453

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$34,727,000. The gross contractual amounts of the trade receivables and other receivables were HK$34,727,000, of which no receivables are expected to be uncollectible.

The Group incurred transaction costs of HK$2,533,000 for the Acquisition. These transaction costs had been expensed and were included in general and administrative expenses in the consolidated statement of profit or loss.

CHAIRLADY'S STATEMENT

General Overview

During the year, the global economy was in turnmoil, such as Renminbi devaluation in August 2015, concerns over further slowdown in the Chinese economy, strengthened US dollar, the US interest rate raise in mid-December 2015 and the decline in commodities price. The Group's mining consulting business was suffered severely from these threats.

During the fiscal year ended 31st March 2016 (the "year"), the Group recorded a consolidated net loss of approximately HK$271.3 million on a revenue of approximately HK$1,244 million, compared to a consolidated net profit of approximately HK$25.6 million on a revenue of approximately HK$1,294 million for the last year. However, excluding losses from impairment of goodwill and provisions on trade and other receivables for the mining consulting business of HK$243.6 million and HK$19.95 million respectively, the Group had a consolidated loss of approximately HK$7.8 million in the year.

Division highlights

i) Hi-Tech Distribution and Service Division

During the year, the division achieved a net profit of approximately HK$32 million, increased by 13.4% from last year, and a revenue of approximately HK$1,233 million, slightly decreased by 2% from last year.

Compared to the double-digit growth recorded in the past few years since the launch of smartphones, smartphone shipments in China grew only 2% in 2015 compared to 150% in 2011. However, the top-tier China smartphones makers are gaining market share against leaders such as Samsung, Apple and LG, and many of them are existing customers of American Tec Company Limited ("American Tec"). In addition, the growing adoption of wearable devices and much anticipated VR ("Virtual Reality") devices are expected to create new opportunities of growth as well as demand for new investments in technology and equipment.

To further enhance American Tec's position in the mobile device market as well as internet related products segment, commonly termed as IoT ("Internet of Things"), our management team continues to maintain a close partnership and collaboration with its key business partner Fuji Machine Mfg Co., Ltd ("Fuji"), a manufacturer of high precision, leading edge technology SMT ("Surface Mount Technology") machines and other industry-leading peripheral equipment suppliers and business partners, in seizing the opportunities of smart manufacturing transformation under China's vision of China Manufacturing 2025.

During the year, American Tec successfully signed up new distributorships with Capcon, ADT and Visiconsult etc., extending our footprints into the semiconductor packaging, Opto and LED business segments. In addition, American Tec's software business was able to keep up the success and momentum by winning multiple strategic deals in the automotive electronics and smartphone manufacturing markets.

American Tec also successfully obtained ISO9001-2008 certification in January 2016 and had also implemented an internal project to further enhance its customer relationship management, management reporting and financial analysis as well as office automation. The combined efforts are expected to bring about operational efficiency improvement, streamlining of process and control, system and documentation standardization that ultimately aim at improving customer satisfaction and maintaining leadership and differentiation from our competitors.

ii) Mining Consulting Division

During the year, the Group recorded a revenue of approximately HK$8.1 million and a net loss of approximately HK$30 million from this division.

Due to the decline in commodity price worldwide during the year, our existing and potential customers experienced financial constraints in terms of availability of exploration funding in their capital expenditure program budget for new exploration. This led to difficulties in collection of payments from the customers and failure to secure further works from existing projects. The deterioration in market conditions coincided with the most unexpected resignation of Mr. Jacky Chan Sik Lap, founder and CEO of the Dragon Group, as announced by the Company's business update on 8th September 2015. Shortly after Mr. Chan's departure, a few senior members of the Dragon Group also resigned. Due to these circumstances surrounding the Dragon Group, the management had reviewed the performance and operations of the division and reassessed the recoverable amount of the Dragon Group, which resulted in an impairment of its goodwill of approximately HK$244 million by the end of the year. Due to the above factors, the Dragon Group has shifted its emphasis towards the provision of valuation services instead of exploration service.

iii) Finance lease operations

The Group successfully established a wholly owned financial leasing company last year in China (Shanghai) Pilot Free Trade Zone, which commenced its business in the second quarter of the year. The financial leasing business is mainly providing finance lease option for our customers in the Hi-Tech distribution business division. Not only can it support our Hi-Tech distribution business, but also generate new source of revenue from the finance lease interest income. As at 31st March 2016, the aggregate principal amount of finance lease loans amounted to approximately HK$71.3 million.

Outlook

We expect the volatility in the global economy to continue in the coming year and this will offer various challenges and opportunities to our businesses, ranging from cautious customer demand and pressure on margin. We strive to maintain our market leading position in the industry of our Hi-tech distribution and service division by providing better services and enhancing the marketing program. The new finance lease operations will achieve a high growth and produce synergy effect with the Group's business operations. Going forward, the Group will continue to enhance the operational efficiency of various business divisions 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 year, the Group recorded a consolidated revenue of approximately HK$1,243,927,000, slightly decreased by 3.9% from HK$1,293,924,000 in last year. The decrease in revenue was mainly due to a slight decrease in turnover from our Hi-tech distribution and service division in the year. During the year, the Group recorded a consolidated net loss of approximately HK$271,330,000, as compared to a net profit of approximately HK$25,553,000 in last year. The significant loss incurred during the year was mainly due to an impairment of goodwill of approximately HK$243,593,000 and provisions on trade and other receivables of approximately HK$19,951,000 from the mining consulting division. Excluding these one-off items, the Group would have recorded a net loss of approximately HK$7,786,000 for the year.

During the year, the Group's operating expenditures amounted to approximately HK$189,148,000 (excluding the provisions on trade and other receivables), representing an increase of 12.7% from approximately HK$167,743,000 in last year. The increased in operating expenditures was mainly due to increase in sales commission, travelling expenses and other related selling and distribution expenses of approximately HK$9,135,000, and increase in staff costs due to the salary increment and increase in headcount by our Hi-tech distribution and service division of approximately HK$4,638,000. Meanwhile, we had scaled down the operations of our mining consulting operations, and implemented cost control including laid-off of consultants and geologists.

Since the Group recorded a significant impairment of goodwill and provisions on trade and other receivables in the year, the basic loss per share was approximately HK14.25 cents whereas the Group recorded basic earnings per share of approximately HK1.69 cents last year.

Corporate Development

On 15 April 2015, the Company completed the placing of 300,000,000 new shares to a placee at the placing price of HK$0.105 per share and raised net proceeds of approximately HK$30 million. The placing shares represented approximately 15.67% of the issued shares as enlarged by the allotment and issue of the placing shares and the net proceeds from the placing was used for general working capital of the Group. Further details were contained in the Company's announcements dated 30th March 2015 and 15th April 2015.

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

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec. American Tec is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment, automation solutions and software for manufacturing control and management, with a history of 30 years serving its customers in the hi-technology sector. American Tec's team of more than 270 engineers and customer service 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. American Tec is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the year, the division recorded a revenue of approximately HK$1,233,482,000, representing a decrease of 2% from approximately HK$1,258,134,000 in last year. The decrease in revenue was mainly due to decline in demand from global key customers although the effect has been minimized by the winning of multiple major projects from Chinese manufacturers as well as growing orders for our software solutions. During the year, the division's direct machine sales were approximately HK$1,127,548,000, slightly decreased by 3.2% from approximately HK$1,164,241,000 for the last year, which was mainly due to the slowdown in demand and over-capacity in the mobile phone manufacturing sector. However, the software sales achieved a significant growth of 127.8% from last year's approximately HK$9,242,000 to approximately HK$21,053,000 in the year, mainly due to multiple new projects secured from automotive electronics manufacturers as well as the execution of scheduled deployment projects with one of our major customers. Spare parts sales were approximately HK$73,555,000 and commission and other service income was approximately HK$11,326,000, compared with HK$73,780,000 of spare parts sales and HK$10,871,000 of commission and other service income in last year.

American Tec's management has continued to control operating cost and at the same time to enhance overall service quality and skill-set. New business lines such as software, automation solutions and materials are showing satisfactory returns. During the year, the division recorded a net profit of approximately HK$31,766,000 representing an increase of 13.4% from last year's net profit of approximately HK$28,013,000.

Financial Leasing Division

The Group conducts its financial leasing business through its wholly-owned subsidiary, North Asia Financial Leasing (Shanghai) Co., Ltd. ("NAFL") in China (Shanghai) Pilot Free Trade Zone. The aggregate principal amount of finance lease loans as at 31st March 2016 was approximately HK$71,294,000. NAFL mainly provides finance lease to customers of the Group's Hi-tech Distribution and Services Division and a project involving the computer numerical control ("CNC") machinery. The division commenced its finance lease business in the second quarter of the year and generated a revenue from interest income of approximately HK$2,315,000 and recorded a net loss of HK$2,346,000 during the year.

Mining Consulting Division

The Group conducts its mining consulting business through the Dragon Group. The Dragon Group is principally engaged in providing mining technical services and valuation advisory services for mining projects in various stages. The Dragon Group's mining technical services includes operation management, exploration management, geological and technical field services, exploration auditing, resource modelling and estimation, and other related technical services.

During the year, the division recorded a revenue of approximately HK$8,130,000, representing a decrease of 77% from approximately HK$35,790,000 in last year, mainly due to the suspension of projects in Central Asia and Southern Asia during the middle of the year. Due to the deterioration in financial situation of the customers and the fact that trade and other receivables became long outstanding, provisions of approximately HK$19,951,000 has been made against these account receivables. The division incurred a net losses of approximately HK$30,010,000 compared to a net profit (post-acquisition) of approximately HK$8,993,000 for the last year. The division's revenue was derived from projects in Central Asia, Southeast Asia and districts including Hong Kong accounted for 86%, 11% and 3% respectively (2015 (post acquisition revenue): 86%, 12% and 2% respectively).

Projects status in Central Asia, Southeast Asia and Other districts including Hong Kong

Central Asia

The Dragon Group has been engaged in a gold exploration management project in Kazakhstan to provide operation management, exploration management, geological and technical field services, marketing and other related services. As the account receivables for the Kazakhstan project has been long overdued and the collection progress was unsatisfactory, combined with the departure of senior staff responsible for this project, the Dragon Group has ceased to work on this project. During the year, revenue recorded from the Central Asia region contributed approximately HK$7,024,000 or around 86% to the total revenue of the division. In the last year, this region contributed approximately HK$30,887,000 or around 86% to the post-acquisition revenue of the division.

Southeast Asia

The Dragon Group has been engaged in a copper-gold polymetallic project (the “Copper-Gold Project”) in Indonesia to provide laboratory operation, processing plant management and public relationship management on the Copper-Gold Project. Due to the major change in the new mining regulation of Indonesia that became effective in the year of 2014 which requested mineral raw materials to be processed in Indonesia, rather than being exported in a raw state, and problem in payment of the outstanding receivable from the client, the Dragon Group has ceased work on this project in the second half of 2015. During the year, revenue recorded from the Southeast Asia region contributed approximately HK$901,000 or around 11% to the total revenue of the division. In last year, this region contributed approximately HK$4,314,000 or around 12% to the post-acquisition revenue of the division.

Other districts including Hong Kong

The Dragon Group provides technical consulting, valuation and other consulting services for customers in this region. During the year, revenue recorded from other districts including Hong Kong contributed approximately HK$205,000 or around 3% to the total revenue of the division. In last year, this region contributed approximately HK$589,000 or around 2% to the post-acquisition revenue of the division.

Impairment of Value of the Dragon Group

The significant and protracted deterioration of global capital market, in particular the commodities and mining sectors since mid-August 2015 made it necessary for the Company to reassess the recoverable amount of the Dragon Group. For this purpose, the Company engaged an independent consultant to perform valuations, based on a discounted cashflow valuation model, on the Dragon Group in September 2015 (“September 2015 Valuation”) and during our annual goodwill assessment (“March 2016 Valuation”) (which adopted same valuation methodology on the Dragon Group as in March 2015 for the annual results of the Group (“March 2015 Valuation”)). As the receivable amount of the Dragon Group so determined was substantially less than the carrying amount of the Dragon Group in the financial statements of the Group for the year ended 31st March 2016, a write down of approximately HK$244 million was made that eliminated all of the goodwill arising from acquisition of the Dragon Group by the Group in the last year.

Use of Proceeds from Placing

On 15th April 2015, 300,000,000 ordinary shares were issued at a placing price of HK$0.105 per share to Ms. Lu Ying through a placing agent on a best effort basis. The placing proceeds net of relevant expenses including the placing commission amounted to approximately HK$30 million. The Group has already applied approximately HK$27 million as to staff cost, rental and other office expenses and the remaining placing proceeds of approximately HK$3 million was placed in short term deposit with banks in Hong Kong during the year.

Outlook

Overall Summary

Market environment for the forthcoming quarter is expected to remain challenging for all divisions of businesses of the Group. However, the management is confident in the prospects of the Hi-tech Distribution and Services Division with the launch of “Industry 4.0” initiative, coupled with the advocacy of the Chinese government in the “Smart Manufacturing 2025” project. Furthermore, with the launch of China-led Asia Infrastructure Investment Bank, the “One Belt, One Road” initiative (“OBOR”) which sets the new development road map for China and surrounding nations and regions, we hope that OBOR offers enormous opportunities to reverse the declining trend in the natural resources market in long run. Our focus will be to continue to manage cash, costs and risks and, to build our strength during this turbulent time by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

Electronics production has been well below average for at least the last two years. This is a result of decelerating growth in consumer spending on electronics. With the leading indicators getting ready to peak or slowing down already, electronics production is likely to see even slower growth in 2016.

With adoption rate in most part of the world near saturation, smartphone growth is also expected to drop to single digit in 2016, led by China’s transition from a developing to a mature market. On the other hand, surging demands in India, Indonesia and some South-East Asia countries are expected to fill the order gap for some of the mobile phone manufacturers in China. Worldwide tablet shipments will drop to 195 million units in 2016, down by 5.9% from 2015 while demand for PC is expected to decline by approximately 5.4% in 2016. On the positive side, worldwide shipments of wearable devices are expected to reach 110 million by the end of 2016 with 38.2% growth over the previous year. In addition, the increasing focus and support for Virtual Reality (VR) devices is expected to fuel demand and shipments with anticipated growth at a CAGR of 84.5% to more than 50 million units by 2020.

With more diversifying and advance devices that will be introduced to the market, our partners are also taking steps to develop new machine platforms that will offer competitive performance beyond the reliance and focus on mobile phone manufacturing sector. We also expect to see faster adoption of 3D inspection technologies for both the automated optical inspection equipment as well as material ("Solder Paste") inspection. We will also see more installations of In-line X-Ray inspection machine as both imaging and processing speed advances.

Also, the "Industry 4.0" initiative and "Smart Manufacturing 2025" project is observed to have an impact on the manufacturing industry with increasing number of manufacturers and machine suppliers speeding up their preparation and plans to meet the changes. We will expect to benefit from this structural change, both for our software systems as well as our automation solutions. With this outlook, we will continue to work closely with our partners to provide more competitive product offerings and solutions to our customers. We will also expand our software business and continue to invest in our service and support infrastructure so as to expedite the introduction of new automation solutions and 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

Global prices for natural resources, particularly metal prices, are expected to remain low in the short to medium term. Given the dim outlook of the commodities and mining sector, availability of exploration funding to mining companies may continue to be limited such that the mining consulting division will be adversely affected. In view of this, we expect the division will shift towards providing valuation services for mining sector clients from the provision of mining exploration related services in the past. However, Dragon Group will continue to explore new business opportunities in different regions of Asian countries including China.

Finance Lease Division

We expect our leasing company can capture the opportunities offered by the upgrading in manufacturing industry and launching of "Industry 4.0" initiative in China. Leveraging on the Company's financing platform in Hong Kong and extensive industry experience especially the high-tech manufacturing industries, the Group's leasing company will seek opportunities to provide financial leasing service in China with a view to generate a new source of revenue from financial leasing and related services. The finance lease operations can also offer finance lease options to customers of our Hi-tech Distribution and Services Division to suit their financial needs.

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 2016, the Group had no floating interest bank borrowing (2015: approximately HK$17,039,000, which was denominated in Hong Kong dollar). As at 31st March 2016, the Group had banking facilities of approximately HK$796,379,000 (2015: approximately HK$465,470,000) from several banks for trade financing. As at 31st March 2016, banking facilities of approximately HK$244,894,000 were utilised by the Group (2015: approximately HK$143,222,000). These facilities were secured by corporate guarantees of approximately HK$860,727,000 (2015: approximately HK$318,303,000) provided by the Company. At 31st March 2016, the Group had held-to-maturity investments in Corporate bonds at amortised cost of approximately HK$72,343,000 (2015: Nil), which provide a stable investment return. All bonds held were denominated in United States dollars with maturity dates within 2 years from the end of the year.

As at 31st March 2016, the Group had total assets of approximately HK$1,294,194,000 (2015: approximately HK$1,437,032,000) and total liabilities of approximately HK$479,862,000 (2015: approximately HK$380,687,000), The gearing ratio of the Group, which was calculated as total liabilities over total assets was 37.1% (2015: 26.5%).

Contingent Liabilities

As at 31st March 2016, the guarantees given by the Group to certain banks in respect of performance bonds and bid bonds in favour of certain contract customers amounted to HK$2,118,000 (2015: HK$7,214,000).

Net Asset Value

Consolidated net asset value attributable to ordinary shareholders of the Company per ordinary share was approximately HK$0.43 as at 31st March 2016, decreased by HK$0.22 from approximately HK$0.65 as at 31st March 2015.

Number of Employees and Remuneration Policies

As at 31st March 2016, the Group employed 291 (2015: 280) 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$91,572,000 (2015: HK$75,857,000).

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$20 million in the aggregate as at 31st March 2016 (2015: HK$12.9 million).

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 year ended 31st March 2016.

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 2016, 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. Mr. James Tsiolis resigned as Deputy Chairman and non-executive Director of the Company on 17th July 2015.

Code provision A.5.1 provides that the nomination committee of an issuer should comprise a majority of independent non-executive directors. Following the re-designation of Mr. Pierre Tsui Kwong Ming as an executive Director on 24th February 2016, the Company's nomination committee comprised two executive Directors and two independent non-executive Directors, failing to have a majority of independent non-executive Directors. On 4th March 2016, Mr. Joseph Chan Nap Kee was appointed a member of the nomination committee of the Company upon his re-designation as an independent non-executive Director, the requirement of majority independent non-executive directors in nomination committee was then fulfilled.

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. Mr. Joseph Chan Nap Kee was absent at the annual general meeting of the Company held on 4th September 2015 due to sickness. However, the Chairman of the Board and the Chairmen of all the other Board committees attended the said annual general meeting.

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 2016.

AUDIT COMMITTEE

During the year and up to the date of this announcement, the Company's audit committee comprised not less than three members at all time, except from 24th February 2016 till 3rd March 2016, during which the audit committee has only two members as a result of the re-designation of Mr. Pierre Tsui Kwong Ming from independent non-executive Director to executive Director. The members of the audit committee comprised Mr. Joseph Liang Hsien Tse (who served as committee chairman and has appropriate professional qualifications and experience in financial matters), Mr. Stephen Luk Kai Ming (who ceased to be a member on 10th April 2015), Mr. Kenneth Kon Hiu King, Mr. Pierre Tsui Kwong Ming (who ceased to be a member on 24th February 2016) and Mr. Joseph Chan Nap Kee (who was appointed as a member on 4th March 2016), all being independent non-executive Directors.

The Board has adopted a set of the revised terms of reference of audit committee to align with the provisions set out in the Code in March 2016. 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, risk management 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 2016 have been reviewed by the audit committee.

On behalf of the Board
North Asia Strategic Holdings Limited
Zhang Yifan
Chairlady and Executive Director

Hong Kong, 23rd June 2016

As at the date of this announcement, the Board comprises Ms. Zhang Yifan (Chairlady and Executive Director) and Mr. Pierre Tsui Kwong Ming (Executive Director); Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King (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.