

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

ANNOUNCEMENT OF (i) ANNUAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2017; (ii) CLOSURE OF REGISTER OF MEMBERS; AND (iii) UPDATE

HIGHLIGHTS ON ANNUAL RESULTS

During the year, the Group recorded a consolidated revenue of approximately HK\$1,295,754,000, with a consolidated net profit of approximately HK\$30,621,000.

SPECIAL DIVIDEND

On 8th June 2017, the Board declared a special dividend of HK\$0.06 per ordinary share, approximately HK\$114,900,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 27th June 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from Friday, 23rd June 2017 to Tuesday, 27th June 2017, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22nd June 2017.

UPDATE

The Board of Directors of the Company wishes to provide an update that the Independent Commission Against Corruption ("ICAC") has returned all the documents or records which were seized during the execution of the search warrant, and that the Company has received a verbal confirmation from the ICAC that the relevant investigation has been completed and the Company's assistance in the investigation is no longer required.

* *For identification purpose only*

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

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

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

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 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.

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 2017, together with the comparative figures of the corresponding year ended 31st March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2017

	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations			
Revenue	3	1,295,754	1,235,797
Cost of sales		<u>(1,086,142)</u>	<u>(1,060,379)</u>
Gross profit		209,612	175,418
Other income and gains, net		2,605	4,950
Selling and distribution expenses		(102,045)	(92,337)
General and administrative expenses		<u>(75,040)</u>	<u>(77,287)</u>
Operating profit		35,132	10,744
Fair value gain/(loss) on derivative component of convertible bond		3,432	(1,205)
Finance income	4	5,797	2,997
Finance costs	4	<u>(1,471)</u>	<u>(2,510)</u>
Profit before income tax from continuing operations	5	42,890	10,026
Income tax expense	6	<u>(8,133)</u>	<u>(7,753)</u>
Profit for the year from continuing operations		<u>34,757</u>	<u>2,273</u>
Discontinued operation			
Loss for the year from a discontinued operation	7	<u>(4,136)</u>	<u>(273,603)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>30,621</u>	<u>(271,330)</u>
Earnings/(loss) per share attributable to ordinary shareholders of the Company			
Basic	8		
— For profit/(loss) for the year (<i>HK cents</i>)		<u>1.60</u>	<u>(14.25)</u>
— For profit for the year from continuing operations (<i>HK cents</i>)		<u>1.81</u>	<u>0.12</u>
Diluted			
— For profit/(loss) for the year (<i>HK cents</i>)		<u>1.32</u>	<u>(14.25)</u>
— For profit for the year from continuing operations (<i>HK cents</i>)		<u>1.51</u>	<u>0.12</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit/(loss) for the year	<u><u>30,621</u></u>	<u><u>(271,330)</u></u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	<u>(1,745)</u>	<u>(851)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL	<u>(1,745)</u>	<u>(851)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>28,876</u></u>	<u><u>(272,181)</u></u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		10,385	6,828
Intangible assets	<i>10</i>	373,692	373,692
Held-to-maturity investments	<i>11</i>	—	32,241
Trade and other receivables	<i>12</i>	75,752	41,438
		459,829	454,199
Current assets			
Held-to-maturity investments	<i>11</i>	46,419	40,102
Financial assets at fair value through profit or loss		38,244	—
Inventories		4,405	5,156
Trade and other receivables	<i>12</i>	301,821	202,091
Cash and cash equivalents		379,991	592,646
		770,880	839,995
Total assets		1,230,709	1,294,194
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	<i>15</i>	19,150	19,150
Reserves	<i>16</i>	824,058	795,182
Total equity		843,208	814,332
LIABILITIES			
Current liabilities			
Liability component of convertible bond	<i>13</i>	59,454	—
Derivative component of convertible bond	<i>13</i>	241	3,673
Trade and other payables	<i>14</i>	292,498	376,321
Income tax liabilities		11,866	34,719
		364,059	414,713

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current liabilities			
Liability component of convertible bond	<i>13</i>	—	58,155
Deferred tax liabilities		494	494
Deposits received		22,509	5,961
Other non-current liabilities		439	539
		<u>23,442</u>	<u>65,149</u>
Total liabilities		<u>387,501</u>	<u>479,862</u>
Total equity and liabilities		<u>1,230,709</u>	<u>1,294,194</u>
Net current assets		<u>406,821</u>	<u>425,282</u>
Total assets less current liabilities		<u>866,650</u>	<u>879,481</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2017

	Attributable to shareholders of the Company		
	Share capital HK\$'000	Reserves HK\$'000 (note 15)	Total HK\$'000
Balances at 1st April 2015	16,150	1,040,195	1,056,345
Comprehensive income			
Loss for the year	—	(271,330)	(271,330)
<i>Other comprehensive income</i>			
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 15)	3,000	27,168	30,168
Balances as at 31st March 2016 and 1st April 2016	19,150	795,182	814,332
Comprehensive income			
Profit for the year	—	30,621	30,621
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	(1,745)	(1,745)
Total other comprehensive income	—	(1,745)	(1,745)
Total comprehensive income for the year	—	28,876	28,876
Balances as at 31st March 2017	19,150	824,058	843,208

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 (discontinued on 4th November 2016);
- **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 8th June 2017.

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*

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”), 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 financial assets at fair value through profit or loss and the derivative component of convertible bond, which have been measured at fair value.

2.2 Changes in accounting policies and disclosures

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs

3. Revenue and segment information

3.1 Revenue

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
Sales of goods	1,265,364	1,222,156
Commission and other service income	21,361	11,326
Finance leasing income	9,029	2,315
	<u>1,295,754</u>	<u>1,235,797</u>

3.2 Operating segment information

For management purposes, the Group is organised into two major reportable operating segments — hi-tech distribution and services, and finance leasing. The hi-tech distribution and services operating segment derives revenue from the sale of goods, commission and other service income. 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 resource 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, financial assets at fair value through profit or loss, held-to-maturity investments 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, 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 2017 and 2016. The operating results from continuing operations for the year are as follows:

	Year ended 31st March 2017		
	Hi-tech distribution and services operation <i>HK\$'000</i>	Finance leasing operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	1,286,725	9,029	1,295,754
Segment results	62,492	1,294	63,786
Fair value gain on derivative component of convertible bond			3,432
Finance income			5,797
Finance costs			(1,471)
Corporate and other unallocated expenses			(28,654)
Profit before income tax from continuing operations			42,890
Income tax expense			(8,133)
Profit for the year from continuing operations			34,757
Loss for the year from a discontinued operation			(4,136)
			30,621
Capital expenditure	1,075	4,786	5,861
Corporate and other unallocated capital expenditure			2,385
			8,246
Depreciation	1,624	775	2,399
Corporate and other unallocated depreciation			879
			3,278
Loss on disposal of property, plant and equipment	(407)	—	(407)

Year ended 31st March 2016

	Hi-tech distribution and services operation <i>HK\$'000</i>	Finance leasing operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	<u>1,233,482</u>	<u>2,315</u>	<u>1,235,797</u>
Segment results	<u>40,237</u>	<u>(2,330)</u>	37,907
Fair value loss on derivative component of convertible bond			(1,205)
Finance income			2,997
Finance costs			(2,510)
Corporate and other unallocated expenses			<u>(27,163)</u>
Profit before income tax			10,026
Income tax expense			<u>(7,753)</u>
Profit for the year from continuing operations			<u>2,273</u>
Capital expenditure	4,435	741	5,176
Corporate and other unallocated capital expenditure			<u>53</u>
			<u>5,229</u>
Depreciation	2,788	14	2,802
Corporate and other unallocated depreciation			<u>658</u>
			<u>3,460</u>
Corporate and other unallocated gain on disposal of a subsidiary			<u>1,848</u>
			<u>1,848</u>
Gain on disposal of items of property, plant and equipment	<u>802</u>	<u>—</u>	<u>802</u>

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

	Hi-tech distribution and services operation HK\$'000	Finance leasing operation HK\$'000	Total HK\$'000
At 31st March 2017			
ASSETS	509,911	250,526	760,437
Segment assets			
Unallocated assets:			
Financial assets at fair value through profit or loss			38,244
Held-to-maturity investments			46,419
Cash and cash equivalents			379,991
Corporate and others			<u>5,618</u>
 Total assets per the consolidated statement of financial position			 <u><u>1,230,709</u></u>
 LIABILITIES			
Segment liabilities	237,525	76,783	314,308
Unallocated liabilities:			
Deferred tax liabilities			494
Income tax liabilities			11,866
Derivative component of convertible bond			241
Liability component of convertible bond			59,454
Corporate and others			<u>1,138</u>
 Total liabilities per the consolidated statement of financial position			 <u><u>387,501</u></u>

	Hi-tech distribution and services operation <i>HK\$'000</i>	Finance leasing operation <i>HK\$'000</i>	Mining consulting operation (discontinued on 4th November 2016) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March 2016				
ASSETS	516,108	81,185	25,941	623,234
Segment assets				
Unallocated assets:				
Held-to-maturity investments				72,343
Cash and cash equivalents				592,646
Corporate and others				5,971
				<hr/>
Total assets per the consolidated statement of financial position				<u><u>1,294,194</u></u>
LIABILITIES				
Segment liabilities	367,291	11,934	1,646	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
				<hr/>
Total liabilities per the consolidated statement of financial position				<u><u>479,862</u></u>

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 and the location of the customers by the finance leasing segment.

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The PRC including Hong Kong	1,281,658	1,221,524
Asia – others	14,096	14,273
	<u>1,295,754</u>	<u>1,235,797</u>

(b) *Non-current assets*

The non-current asset geographic information is not presented since over 90% of the Group's non-current assets are located in the PRC.

Information about a major customer

Revenue from continuing operation of approximately HK\$125,838,000 (2016: HK\$132,155,000) 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
Finance income:		
Interest income from bank deposits	1,758	1,513
Interest income from note receivable	—	234
Interest in discounted amounts arising from the passage of time	—	484
Interest income from held-to-maturity investments	3,021	766
Net foreign exchange gains on financing activities	1,018	—
	<u>5,797</u>	<u>2,997</u>
Finance costs:		
Interest on bank loans	172	839
Amortisation of liability component of convertible bond	1,299	1,274
Net foreign exchange losses on financing activities	—	397
	<u>1,471</u>	<u>2,510</u>

5. Profit before income tax

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
Cost of inventories sold	1,077,481	1,047,095
Other costs	<u>8,661</u>	<u>13,284</u>
	<u>1,086,142</u>	<u>1,060,379</u>
Net foreign exchange gains	(3,319)	(1,370)
Depreciation of property, plant and equipment	3,278	4,348
Employment costs	90,662	86,007
Loss/(gain) on disposal of property, plant and equipment, net	<u>407</u>	<u>(802)</u>

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% (2016: 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% (2016: 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 from continuing operations recorded in the consolidated statement of profit or loss represent:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (Restated)
Current taxation		
Hong Kong profits tax		
— current year	6,611	7,243
Mainland China corporate income tax		
— current year	1,522	422
Deferred taxation	<u>—</u>	<u>88</u>
	<u>8,133</u>	<u>7,753</u>

7. Discontinued operation

On 4th November 2016, the Company entered into a sale and purchase agreement to dispose of its entire interests in Dragon Mining Overseas Limited and its subsidiaries (the “Dragon Group”) and assign a loan from the Company to Mr. Leung Kar Fai, a director of a subsidiary of Dragon Mining Overseas Limited, who was not a connected person of the Company as defined under the GEM Listing Rules. The consideration was at HK\$1. Dragon Group was engaging in provision of advisory services in mining exploration, exploitation and valuation services for merges and acquisitions projects. The disposal of Dragon Group was because management intended to streamline its businesses and focus on the operation of hi-tech distribution and services division and financial leasing division.

Upon the disposal of Dragon Group on 4th November 2016, the results from Dragon Group were no longer be included in the Group’s results.

	2017
	<i>HK\$’000</i>
Net assets disposed of:	
Trade and other receivables	18,827
Cash and cash equivalents	416
Trade and other payables	(720)
Income tax payables	(18,676)
	<u>(153)</u>
Gain on disposal of a discontinued operation	<u>153</u>
	<u>—</u>
Satisfied by:	
Cash	<u>—</u>

The results of Dragon Group for the year (up to the date of disposal) are presented below:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	450	8,130
Cost of sales	(207)	(1,834)
Other income and gains	35	5,113
Finance income	—	6
General and administrative expenses	(4,567)	(39,475)
Impairment on goodwill	—	(243,593)
	<u> </u>	<u> </u>
Loss before tax	(4,289)	(271,653)
Income tax expense	—	(1,950)
	<u> </u>	<u> </u>
Loss after tax	(4,289)	(273,603)
Gain on disposal of a discontinued operation	153	—
	<u> </u>	<u> </u>
Loss for the year from a discontinued operation	<u>(4,136)</u>	<u>(273,603)</u>
Loss per share, from the discontinued operation:		
Basic and diluted (<i>HK cents</i>)	<u>(0.21)</u>	<u>(14.37)</u>

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

	2017	2016
Loss attributable to shareholders of the parent from the discontinued operation (<i>HK\$</i>)	<u>(4,136,000)</u>	<u>(273,603,000)</u>
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>1,914,997,244</u>	<u>1,903,521,834</u>

8. Earnings/(loss) per share

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the Group's profit attributable to shareholders of the Company of HK\$30,621,000 (2016: loss of HK\$271,330,000), and the weighted average number of ordinary shares of 1,914,997,244 (2016: 1,903,521,834) in issue during the year.

The diluted earnings per shares for the year ended 31st March 2017 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 2017 was adjusted to reflect the interest expense on convertible bond and fair value gain on the derivative component of convertible bond less tax effect, if any.

No adjustment has been made to the basic earnings/(loss) per share amounts 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 earnings/(loss) per share amounts presented.

	Continuing operations	2017 Discontinued operation	Total
Profit/(loss) attributable to shareholders of the Company, used in the basic earnings/(loss) per share calculation (<i>HK\$'000</i>)	34,757	(4,136)	30,621
Interest on convertible bond (<i>HK\$'000</i>)	1,299	—	1,299
Fair value gain on derivative component of convertible bond (<i>HK\$'000</i>)	(3,432)	—	(3,432)
	<u>32,624</u>	<u>(4,136)</u>	<u>28,488</u>
Profit/(loss) attributable to shareholders of the Company, used in the diluted earnings per share calculation (<i>HK\$'000</i>)	<u>32,624</u>	<u>(4,136)</u>	<u>28,488</u>
Weighted average number of ordinary shares in issue, used in the basic earnings/(loss) per share calculation	1,914,997,244	1,914,997,244	1,914,997,244
Effect of dilution — weighted average number of ordinary shares:			
Convertible Bond	240,000,000	240,000,000	240,000,000
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u>2,154,997,244</u>	<u>2,154,997,244</u>	<u>2,154,997,244</u>
	Continuing operations	2016 Discontinued operation	Total
Profit/(loss) attributable to shareholders of the Company (<i>HK\$'000</i>)	2,273	(273,603)	(271,330)
Weighted average number of ordinary shares in issue	<u>1,903,521,834</u>	<u>1,903,521,834</u>	<u>1,903,521,834</u>

9. Dividends

Subsequent to the end of the reporting period, on 8th June 2017, the Board declared a special dividend of HK\$0.06 per ordinary share, approximately HK\$114,900,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 27th June 2017.

Apart from this, the Directors do not recommend the payment of a final dividend for the year ended 31st March 2017 (2016: Nil).

10. 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hi-tech distribution and services operation	373,692	373,692
Mining consulting operation (discontinued on 4th November 2016)	—	243,593
	<u>373,692</u>	<u>617,285</u>
<i>Less:</i> Impairment loss recognised		
Mining consulting operation (discontinued on 4th November 2016)	—	(243,593)
	<u>—</u>	<u>(243,593)</u>
	<u>373,692</u>	<u>373,692</u>

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 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 statement of profit or loss for the year ended 31st March 2016.

For the year ended 31st March 2016, the recoverable amount of the mining consulting services operation cash-generating unit had been determined based on a value in use calculation using pre-tax cash flow projection based on financial budget covering a five-year period approved by senior management. The pre-tax discount rate applied to cash flow projections was 18.4% with a terminal growth rate of nil. The growth rate used did not exceed the long-term average growth rate for the business in which the mining consulting services operation cash-generating unit operated.

Apart from the aforesaid impairment of goodwill, there was no movement in other intangible assets of the Group during the years ended 31st March 2017 and 2016.

11. Held-to-maturity investments

	2017	2016
	HK\$'000	HK\$'000
Listed debt investments, at amortised cost	46,419	72,343
Less: current portion	(46,419)	(40,102)
	<u>—</u>	<u>32,241</u>

The effective interest rates of the held-to-maturity investments ranged from 3.2% to 7.0% (2016: 0.3% to 7.0%) per annum and these investments will mature between May 2017 and December 2017 (2016: between May 2016 and December 2017).

12. Trade and other receivables

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills receivables	121,124	148,561
<i>Less: Impairment of trade receivables</i>	<u>—</u>	<u>(19,189)</u>
Trade and bills receivables, net (<i>note (a)</i>)	<u>121,124</u>	<u>129,372</u>
Finance lease receivables, net (<i>note (b)</i>)	175,617	71,032
<i>Less: non-current portion*</i>	<u>(72,657)</u>	<u>(38,545)</u>
Finance lease receivables, net, current portion (<i>note (b)</i>)	<u>102,960</u>	<u>32,487</u>
Prepayments	12,374	5,012
Rental and other deposits	4,518	4,770
Leased assets [#]	14,921	7,021
Other receivables	49,019	27,084
<i>Less: Impairment of other receivables</i>	<u>—</u>	<u>(762)</u>
Prepayments, deposits and other receivables, net	<u>80,832</u>	<u>43,125</u>
<i>Less: non-current portion*</i>	<u>(3,095)</u>	<u>(2,893)</u>
Prepayments, deposits and other receivables, net, current portion	<u>77,737</u>	<u>40,232</u>
Total trade and other receivables, current portion	<u>301,821</u>	<u>202,091</u>
* Total trade and other receivables, non-current portion	<u>75,752</u>	<u>41,438</u>

[#] The leased assets represents payments made by the Group to vendors or suppliers of machinery and equipment, but the terms of the lease contracts of the said machinery and equipment have not commenced. The Group records these paid amounts under leased assets among its current assets as such assets had already been earmarked for leases to customers. Once the terms of a lease contract commence, the Group ceases to recognise the amount under the leased assets and accordingly recognise the lease receivables due under the lease contract.

(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 180 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
90 days or less	109,700	109,725
91 to 180 days	9,126	9,527
181 to 270 days	1,252	10,063
271 to 365 days	—	6
Over 365 days	1,046	51
	<u>121,124</u>	<u>129,372</u>

(b) *Finance lease receivables, net*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gross investment in finance leases	188,570	76,907
Less: unearned finance lease income	<u>(12,953)</u>	<u>(5,875)</u>
Present value of minimum lease amounts receivables	175,617	71,032
Less: accumulated allowance for impairment	<u>—</u>	<u>—</u>
	175,617	71,032
Less: current portion	<u>(102,960)</u>	<u>(32,487)</u>
Non-current portion	<u>72,657</u>	<u>38,545</u>

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	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 year	113,045	36,424	102,960	32,487
After 1 year but not more than 2 years	72,015	32,691	69,227	31,005
After 2 years	<u>3,510</u>	<u>7,792</u>	<u>3,430</u>	<u>7,540</u>
	<u>188,570</u>	<u>76,907</u>	<u>175,617</u>	<u>71,032</u>

13. Convertible bond

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Liability component of convertible bond	<u>59,454</u>	<u>58,155</u>
Derivative component of convertible bond	<u>241</u>	<u>3,673</u>

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).

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. The maturity date of the convertible bond is on the third anniversary of the date of issuance (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 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 2017 and 2016, 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 <i>HK\$'000</i>	Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2015	56,881	2,468	59,349
Amortisation of liability component of convertible bond (<i>note 4</i>)	1,274	—	1,274
Fair value loss on derivative component of convertible bond	—	1,205	1,205
	<u>58,155</u>	<u>3,673</u>	<u>61,828</u>
At 31st March 2016 and 1st April 2016	58,155	3,673	61,828
Amortisation of liability component of convertible bond (<i>note 4</i>)	1,299	—	1,299
Fair value gain on derivative component of convertible bond	—	(3,432)	(3,432)
	<u>59,454</u>	<u>241</u>	<u>59,695</u>
At 31st March 2017	<u>59,454</u>	<u>241</u>	<u>59,695</u>

14. Trade and other payables

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills payables	158,194	291,023
Accrual for operating expenses	53,810	57,132
Receipts in advance	38,388	11,402
Deposits received	6,616	1,853
Other payables	35,490	14,911
	<u>292,498</u>	<u>376,321</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
90 days or less	145,468	175,608
91 to 180 days	7,216	7,521
181 to 270 days	1,486	2,316
271 to 365 days	1,272	104,224
Over 365 days	2,752	1,354
	<u>158,194</u>	<u>291,023</u>

15. Share capital

	Ordinary shares of HK\$0.01 each		Preference shares of HK\$0.01 each		Total <i>HK\$'000</i>
	Number of shares <i>'000</i>	Ordinary share capital <i>HK\$'000</i>	Number of shares <i>'000</i>	Preference share capital <i>HK\$'000</i>	
Authorised:					
At 31st March 2016 and 2017	<u>40,000,000</u>	<u>400,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>700,000</u>
Issued:					
At 1st April 2015	1,614,997	16,150	—	—	16,150
Issue of shares (<i>note</i>)	<u>300,000</u>	<u>3,000</u>	—	—	<u>3,000</u>
At 31st March 2016, 1st April 2016 and 31st March 2017	<u>1,914,997</u>	<u>19,150</u>	—	—	<u>19,150</u>

Note:

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 effort basis. The placement transaction costs included legal fees and other professional fees of approximately HK\$1,332,000. The placing of shares has resulted in the increase of share capital and share premium by HK\$3,000,000 and HK\$27,168,000, respectively.

16. 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 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 (<i>note 15</i>)	27,168	—	—	—	27,168
Balances at 31st March 2016 and at 1st April 2016	84,477	1,071,190	248	(360,733)	795,182
Profit for the year	—	—	—	30,621	30,621
Currency translation differences of foreign operations	—	—	(1,745)	—	(1,745)
Total comprehensive income for the year	—	—	(1,745)	30,621	28,876
Balances at 31st March 2017	84,477	1,071,190	(1,497)	(330,112)	824,058

CHAIRLADY'S STATEMENT

GENERAL OVERVIEW

During the year, the Group had streamlined its businesses by disposal of the mining consulting business and focused on the operations of hi-tech distribution and services division and the financial leasing division. We had also upgraded our Enterprise Resource Planning system to enhance the Group's financial reporting efficiency, financial management and cost control. We have seen a significant improvement in profitability in the year on the hi-tech distribution and services division and the financial leasing division. Our financial leasing division, which mainly provide financial leasing option to the customers of hi-tech distribution and services division had shown remarkable progress in establishing a lending portfolio that can improve the return on utilization of the Group's cash.

The Group recorded a consolidated net profit of approximately HK\$30.6 million on a revenue of approximately HK\$1,296 million, compared to a consolidated net loss of approximately HK\$271.3 million on a revenue of approximately HK\$1,236 million (restated) for the last year.

Contrary to the loss incurred in last year, which was mainly due to an one-off impairment of goodwill for the mining consulting business amounted to approximately HK\$243.6 million, the Group had returned to profit in the year as a result of the achievement of sound control of its operating costs and remarkable growth in financial leasing business combined with the effect of discontinuing the loss making mining consulting business during the year.

DIVISION HIGHLIGHTS

i) Hi-Tech Distribution and Services Division

During the year, the division achieved a net profit of approximately HK\$54.4 million, increased by 71.2% from last year, and a revenue of approximately HK\$1,286.7 million, slightly increased by 4.3% from last year.

We had seen some positive data in 2016 that the global purchasing managers' index ("PMI") had risen above 50 from second half of 2016 and continue to rise in early 2017. Compared to 2015, the units of Surface Mount Technology ("SMT") machines imported to China had grown by approximately 5% in 2016. The increase in demand for SMT machines are mainly driven by the smartphone manufacturers, network and communication manufactures, automotive electronics and wearable devices etc. To further enhance American Tec's (as defined below) 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 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 had become the sole distributor of Fuji's new solder paste printer in China.

ii) Financial Leasing division

During the year, the financial leasing division had continued to grow satisfactory and recorded a revenue of HK\$9 million, representing an increase of 290% from last year's HK\$2.3 million. As at 31st March 2017, the aggregate principal amount of finance lease loans had increased by 146.3% from last year's HK\$71.3 million to HK\$175.6 million.

OUTLOOK

We expect the global economy to grow gradually in the coming year. The increasing popularity of Virtual Reality ("VR") and Augmented Reality ("AR") offer new opportunities to our businesses. We strive to maintain our market leading position in the industry of our Hi-tech distribution and services division by providing better services and enhancing the marketing program. The 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 increase 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\$1,295,754,000 slightly increased by 4.9% from HK\$1,235,797,000 (restated) in last year. The increase in revenue was mainly due to approximately 4.3% and 290% year on year increase in revenue from our hi-tech distribution and services division and financial leasing division respectively. The Group disposed of its mining consulting division on 4th November 2016 and it was deconsolidated thereafter. During the year, the Group successfully turned-around and recorded a consolidated net profit of approximately HK\$30,621,000, contrary to a net loss of approximately HK\$271,330,000 in last year, which was mainly due to the impairment of goodwill of our mining consulting division amounted to approximately HK\$243,593,000.

During the year, the Group's operating expenditures amounted to approximately HK\$177,085,000, representing a slight increase of 4.4% from approximately HK\$169,624,000 (restated) in last year. The increase in operating expenditures was mainly due to increase in selling and distribution expenses which were increased in line with revenue. Furthermore, the Group recorded basic earnings

per share of approximately HK1.60 cents in the year where as the Group recorded a basic loss per share of approximately HK14.25 cents in last year due to the impact of impairment of goodwill and provision on trade and other receivables.

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 sales and 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 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, automation solutions and software on manufacturing control, with a history of more than 30 years serving its customers in the hi-technology sector. American Tec’s 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. 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\$1,286,725,000, representing an increase of about 4.3% from approximately HK\$1,233,482,000 last year. The reason of increase in revenue was mainly due to the growth in manufacturing activities and investments in provincial projects, such as a number of new orders that we received are from government funded projects (in Guiyang, Nanchang, Zhunyi, etc..) relating to mobile phone manufacturing. During the year, the division recorded approximately HK\$1,191,616,000 of direct machine sales, representing an increase of 5.7% from approximately HK\$1,127,548,000 in last year, which was supported by new orders secured from non-mobile phone manufacturing segment, namely LED, automotive electronics and consumer product market. Also, the division recorded an increase of 88.6% from its commission and other service income from approximately HK\$11,326,000 in last year to approximately HK\$21,361,000 in the year. However, due to lack of repeat orders from key accounts, the software sales was decreased by 24.3% from approximately HK\$21,053,000 in last year to approximately HK\$15,935,000 in the year, and the spare parts sales was decreased by 21.4% from approximately HK\$73,555,000 in last year to approximately HK\$57,813,000 in the year.

Despite the slow-down of investments from global key accounts and flattening of mobile phone manufacturing investments, the Group has managed to maintain strong revenue performance with continued development of quality customers in both the mobile device market segment as well as other fast growing markets such as automotive electronics, LED lighting & display and smart consumer products. The success by local smart phone manufacturers, such as Huawei, Oppo, etc, to win market share from leading players such as Apple and Samsung had also benefited our business as they had to expand their capacity.

American Tec's management has taken various measures to maintain operating cost efficiency and has achieved expected profitability despite an increasing challenging market. During the year, the division recorded a net profit of approximately HK\$54,398,000 representing an increase of 71.2% from last year's net profit of approximately HK\$31,766,000.

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 division commenced its financial leasing business from the mid of July 2015. NAFL mainly provides finance lease to customers of the Group's hi-tech distribution and services division and projects involving the computer numerical control ("CNC") machinery.

During the year, the division generated a revenue from finance lease interest income of approximately HK\$9,029,000, representing an increase of 290% from approximately HK\$2,315,000 in the corresponding period last year and recorded a net profit of approximately HK\$1,570,000 as compared a net loss of HK\$2,346,000 in last year. As at 31st March 2017, the aggregate principal amount of finance lease loans was HK\$175,617,000, representing an increase by 146.3% from HK\$71,032,000 as at 31st March 2016.

Corporate Development

General offer by a substantial shareholder

On 5th April 2016, the Company announced that it had been informed by Mr. Ding Yi ("Mr. Ding"), a former Director and substantial shareholder of the Company, and Ms. Lu Ying ("Ms. Lu"), a substantial shareholder of the Company, that after Mr. Ding had resigned as the Company's executive Director and Chairman on 31st March 2016, Mr. Ding sold 400,000,000 ordinary shares of the Company ("Shares") to Ms. Lu for a cash consideration of HK\$30,000,000, at HK\$0.075 per Share (the "Transaction"). Immediately after the completion of the Transaction, Ms. Lu held 969,058,296 Shares, or approximately 50.6% in the total number of Shares in issue. As a result of the Transaction, Ms. Lu had increased her voting rights in the Company to more than 30% and it had triggered an obligation by Ms. Lu to make an unconditional mandatory cash offer (the "Offer") under Rule 26 of The Codes on Takeovers and Mergers and Share Repurchases for all the Shares. Details of the Transaction and the Offer are disclosed in the Company's announcement dated 5th April 2016, joint announcement dated 18th April 2016 and the Company's composite document dated 20th May 2016. On 10th June 2016, the Company announced that immediately after the close of the Offer and taking into account the valid acceptances in respect of 47,818,132 Shares of the Company, Ms. Lu and parties acting in concert with her were interested in an aggregate of 1,016,876,428 Shares, representing approximately 53.1% of the total number of Shares in issue.

Discontinued operation – Mining consulting division

The Group completed the disposal of mining consulting division on 4th November 2016 and recognised a disposal gain of HK\$153,000 and the mining consulting division was deconsolidated thereafter. Apart from the gain on disposal, the Group had recorded net loss of approximately HK\$4,136,000 from mining consulting business up to the date of disposal during the 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 fully utilised the amount of the net proceeds in staff costs, rental and other office expenses during the year.

Outlook

Overall Summary

The management is confident in the prospects in both of the hi-tech distribution and services division and financial leasing division with the launch of “Industry 4.0” initiative, coupled with the advocacy of the Chinese government in the “Smart Manufacturing 2025” project. 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

World electronic equipment shipments, driven by Asia Pacific, appear to have hit their winter bottom and should be rebounding soon. Business conditions have been improving as noted by rising Purchasing Managers Indices (leading indicators) and generally stronger global growth by sector of the supply chain. In March 2017, China’s manufacturing purchasing managers index (PMI) was 51.8 percent, rising for two consecutive months, an increase of 0.2 percentage points over last month, and the manufacturing industry continued to keep a steady and positive trend. Coming off the smartphone market’s lowest year-on-year growth of 2.5% in 2016, a new forecast from International Data Corporation (“IDC”) shows worldwide smartphone shipments rebounding in 2017 and beyond. While growth is expected to remain in the low single digit, IDC predicts 2017 shipment volumes to grow 4.2% in 2017 and 4.4% in 2018 with a compound annual growth rate (“CAGR”) of 3.8% over the 2016-2021 forecast. Shipments are forecast to reach 1.53 billion units in 2017 and grow to 1.77 billion in 2021.

In regards to rest of end market development, mobile hardware, software, and services revenues will expand 2.6% year on year to US\$1.57 trillion in 2017 and grow at 2.1% CAGR to US\$1.67 trillion in 2020. Personal computing device shipments, comprising traditional PCs and tablets, are forecast to decline at 0.8% CAGR from 435 million units in 2016 to 418 million units in 2021. Augmented

reality and virtual reality revenues will increase 130% year on year to US\$13.9 billion in 2017. Car electronics and communication accessories market is expected to grow at 5.7% CAGR in terms of value to over US\$100 billion by 2024. SMT market will grow at an 8.9% CAGR to US\$5.4 billion by 2022.

With above background in mind and the increasing awareness by the industry to move from traditional manufacturing to smart/automated production, we will continue to invest and expedite our automation and software offerings. We will also strive to work closer with our partners and the development of new partners to come up with more competitive and innovative solutions. We will continue to invest in our service and support infrastructure and systems so as to attain total customer satisfaction and customer retention as well as improved operational efficiency. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to maintain our cash flow and profitability, as well as the long term sustainability and growth of our business.

Financial Leasing Division

As of the end of 2015, the total number of financial leasing enterprises in China was about 4,508 companies and the overall scale of the financial leasing business had a compound growth rate of more than 50% in the past three years up to end of 2016. The financial leasing industry played an important role in optimization, transformation and upgrading of China's electronic manufacturing industry.

We expect that our financial leasing division can capture the opportunities offered by the emerging demand in upgrading of manufacturing industry and launching of "Industry 4.0" initiative in China. Leveraging on the Group's financing platform in Hong Kong and extensive industry experience especially the high-tech manufacturing industries, the Group's financial leasing division will continue to provide financial leasing options to customers of our hi-tech distribution and services division to suit their financial needs and seek opportunities to provide financial leasing and related services to other customers in the manufacturing industry in China with a view to generate a new source of revenue.

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 2017, the Group had no interest-bearing bank borrowing (2016: Nil). As at 31st March 2017, the Group had banking facilities of approximately HK\$676,105,000 (2016: approximately HK\$796,379,000) from several banks for trade financing. As at 31st March 2017, banking facilities of approximately HK\$146,910,000 were utilised by the Group (2016: approximately HK\$244,894,000). These facilities were secured by corporate guarantees of approximately HK\$676,104,000 (2016: approximately HK\$860,727,000) provided by the Company. At 31st March 2017, the Group had held-to-maturity investments in Corporate bonds at amortised cost of approximately HK\$46,419,000 (2016: HK\$72,343,000), which provided a stable investment return. All held-to-maturity investments held were denominated in United States dollars with maturity dates within 1 year from the end of the

year. As at 31st March 2017, the Group had total assets of approximately HK\$1,230,709,000 (2016: approximately HK\$1,294,194,000) and total liabilities of approximately HK\$387,501,000 (2016: approximately HK\$479,862,000). The gearing ratio of the Group, which was calculated as total liabilities over total assets was 31.5% (2016: 37.1%).

Contingent Liabilities

As at 31st March 2017, 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\$3,262,000 (2016: HK\$2,118,000).

Net Asset Value

Consolidated net asset value per ordinary share attributable to ordinary shareholders of the Company was approximately HK\$0.44 as at 31st March 2017, increased by HK\$0.01 from approximately HK\$0.43 as at 31st March 2016.

Number of Employees and Remuneration Policies

As at 31st March 2017, the Group employed 289 (2016: 291) 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\$90,662,000 (2016: HK\$86,007,000 (restated)).

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\$19 million in aggregate as at 31st March 2017 (2016: HK\$20 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 2017.

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 2017, 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 Chairlady 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.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. Kenneth Kon Hiu King, being an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 6th September 2016 due to other important engagement at the relevant time. However, the Chairlady 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 2017.

DIVIDENDS

On 8th June 2017, the Board declared a special dividend of HK\$0.06 per ordinary share, approximately HK\$114,900,000 in aggregate. The special dividend will be payable to shareholders whose names appear on the register of members of the Company on Tuesday, 27th June 2017.

The Directors do not recommend the payment of a final dividend for the year ended 31st March 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of the members of the Company will be closed from Friday, 23rd June 2017 to Tuesday, 27th June 2017, both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the special dividend. In order to qualify for the special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 22nd June 2017.

AUDIT COMMITTEE

During the year and up to the date of this announcement, the audit committee comprised of, namely Mr. Joseph Liang Hsien Tse, Mr. Kenneth Kon Hiu King, and Mr. Joseph Chan Nap Kee, 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 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 2017 have been reviewed by the audit committee.

UPDATE

Reference is made to the announcement made by the Company dated 17 January 2017 regarding the execution of a search warrant by the Independent Commission Against Corruption (“ICAC”) of Hong Kong at the head office of the Company on 17 January 2017. The Board of Directors of the Company wishes to provide an update that the ICAC has returned all the documents or records which were seized during the execution of the search warrant, and that the Company has received a verbal confirmation from the ICAC that the relevant investigation has been completed and the Company’s assistance in the investigation is no longer required.

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

Hong Kong, 8th June 2017

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.