

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2013

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

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This announcement, for which the directors (the “Directors” or the “Board”) of North Asia Strategic Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

During the six months ended 30th September 2013 (the “half-year period”), most of our three business divisions have slightly declined in their net profit performance, compared to the corresponding period last year.

HIGHLIGHTS

NAS Financial Highlights

- Unaudited consolidated net profit for the half-year period was approximately HK\$16,227,000, versus an unaudited consolidated net profit of approximately HK\$13,261,000 for the corresponding period last year. This was mainly due to recognition gain on disposal of a joint venture.
- During the half-year period, the Group recorded an unaudited consolidated revenue of approximately HK\$684,688,000 from continuing operations, representing an increase of approximately 90.8% from the corresponding period last year.
- Unaudited consolidated net asset value attributable to shareholders of the Company per ordinary share was approximately HK\$0.715 as at 30th September 2013, which reflected a decrease of HK\$0.008 from HK\$0.723 as at 31st March 2013.

Division Financial Highlights

- During the half-year period, unaudited revenue and unaudited net profit generated from the hi-tech distribution and services division were approximately HK\$684,688,000 and HK\$10,498,000 respectively.
- During the half-year period, the Group shared 40% unaudited net profit of our fishmeal, fish oil and aquatic products division conducting business through our 40% joint venture, which was disposed of on 19th September 2013, of approximately HK\$11,283,000.
- During the half-year period, unaudited revenue generated from the branded food division, which was discontinued on 31st October 2013, was approximately HK\$52,322,000 with unaudited net profit of approximately HK\$1,135,000.

RESULTS

The following are the unaudited condensed consolidated results of North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) and its joint ventures for the six months and three months ended 30th September 2013 together with the comparative unaudited figures for the corresponding periods in 2012:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September		For the three months ended 30th September	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
Continuing operations					
Revenue	3	684,688	358,884	372,917	114,996
Cost of sales		(608,843)	(286,331)	(331,714)	(80,978)
Gross profit		75,845	72,553	41,203	34,018
Other income and gains, net		1,082	4,564	(479)	814
Selling and distribution expenses		(41,398)	(39,439)	(21,037)	(19,324)
General and administrative expenses		(40,378)	(30,716)	(20,277)	(15,276)
Gain on disposal of joint ventures		9,080	—	9,080	—
Operating profit		4,231	6,962	8,490	232
Finance income	4	1,351	2,389	624	1,295
Finance costs	4	(95)	(1,652)	(31)	(14)
Share of profits and losses of joint ventures	6	11,283	5,569	10,521	4,020
Profit before income tax		16,770	13,268	19,604	5,533
Income tax expense	5	(1,678)	(2,786)	(1,015)	(1,082)
Profit for the period from continuing operations		15,092	10,482	18,589	4,451
Discontinued operation					
Profit/(loss) for the period from a discontinued operation	7	1,135	2,779	(780)	1,964
Profit for the period		16,227	13,261	17,809	6,415
Earnings per share attributable to shareholders of the Company	8		(Restated)		(Restated)
Basic and diluted					
— For profit for the period (HK cents)		1.21	0.99	1.32	0.48
— For profit for the period from continuing operations (HK cents)		1.12	0.78	1.38	0.33

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	For the six months ended 30th September		For the three months ended 30th September	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)
Profit for the period	<u>16,227</u>	<u>13,261</u>	<u>17,809</u>	<u>6,415</u>
Other comprehensive income/(loss):				
Items to be reclassified to profit or loss in subsequent periods:				
Currency translation difference:				
Currency translation differences of foreign operations	562	210	150	(58)
Reclassification adjustment for exchange differences include in the condensed consolidated statement of profit or loss upon disposal of joint ventures	(32,289)	—	(32,289)	—
Share of other comprehensive income/(loss) of joint ventures	<u>3,545</u>	<u>(1,249)</u>	<u>938</u>	<u>(386)</u>
Other comprehensive loss for the period, net of income tax of nil	<u>(28,182)</u>	<u>(1,039)</u>	<u>(31,201)</u>	<u>(444)</u>
Total comprehensive income/(loss) for the period	<u><u>(11,955)</u></u>	<u><u>12,222</u></u>	<u><u>(13,392)</u></u>	<u><u>5,971</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	<i>10</i>	7,823	8,617
Intangible assets	<i>10</i>	373,692	373,692
Investments in joint ventures		—	137,684
Note receivables	<i>11</i>	44,865	—
Other non-current assets		1,707	7,276
		428,087	527,269
Current assets			
Inventories		2,567	2,772
Note receivables	<i>11</i>	46,019	—
Trade and other receivables	<i>12</i>	244,938	83,713
Pledged bank deposit		3,646	—
Cash and cash equivalents		571,589	556,251
		868,759	642,736
Assets of a disposal group classified as held for sale	<i>7</i>	13,876	—
		882,635	642,736
Total assets		1,310,722	1,170,005
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	<i>14</i>	13,459	13,459
Reserves	<i>14</i>	948,233	960,188
		961,692	973,647
Total equity		961,692	973,647

		As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
LIABILITIES			
Current liabilities			
Borrowings		3,800	16,504
Trade and other payables	13	297,636	153,263
Income tax liabilities		3,680	2,286
Provisions	15	—	10,500
		<u>305,116</u>	<u>182,553</u>
Liabilities directly associated with the assets classified as held for sale	7	<u>42,895</u>	<u>—</u>
		<u>348,011</u>	<u>182,553</u>
Non-current liabilities			
Deferred tax liabilities		441	417
Provisions	15	—	12,760
Other non-current liabilities		578	628
		<u>1,019</u>	<u>13,805</u>
Total liabilities		<u><u>349,030</u></u>	<u><u>196,358</u></u>
Total equity and liabilities		<u><u>1,310,722</u></u>	<u><u>1,170,005</u></u>
Net current assets		<u><u>534,624</u></u>	<u><u>460,183</u></u>
Total assets less current liabilities		<u><u>962,711</u></u>	<u><u>987,452</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)				
	Attributable to shareholders of the Company			Non- controlling	Total
	Share capital	Reserves	Sub-total	interests	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balances at 1st April 2012					
As previously reported	134,660	1,140,651	1,275,311	5,207	1,280,518
Effects of early adoption of HKFRSs	—	—	—	(5,207)	(5,207)
As restated	<u>134,660</u>	<u>1,140,651</u>	<u>1,275,311</u>	—	<u>1,275,311</u>
Comprehensive income					
Profit for the period	—	13,261	13,261	—	13,261
<i>Other comprehensive income/(loss)</i>					
Currency translation differences of foreign operations (restated)	—	210	210	—	210
Share of other comprehensive loss of joint ventures (restated)	—	(1,249)	(1,249)	—	(1,249)
Total other comprehensive loss	—	(1,039)	(1,039)	—	(1,039)
Total comprehensive income for the period	—	12,222	12,222	—	12,222
Share repurchase	—	(54)	(54)	—	(54)
Cancellation of shares repurchased	(66)	54	(12)	—	(12)
Capital reduction	(121,135)	121,135	—	—	—
Special dividend (<i>note 9</i>)	—	(269,188)	(269,188)	—	(269,188)
Balances at 30th September 2012	<u><u>13,459</u></u>	<u><u>1,004,820</u></u>	<u><u>1,018,279</u></u>	<u><u>—</u></u>	<u><u>1,018,279</u></u>

	(Unaudited)				
	Attributable to shareholders of the Company				
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2013	<u>13,459</u>	<u>960,188</u>	<u>973,647</u>	<u>—</u>	<u>973,647</u>
Comprehensive income/(loss)					
Profit for the period	—	16,227	16,227	—	16,227
<i>Other comprehensive income/(loss)</i>					
Currency translation differences of foreign operations	—	562	562	—	562
Reclassification adjustment for exchange differences include in the condensed consolidated statement of profit or loss upon the disposal of joint ventures	—	(32,289)	(32,289)	—	(32,289)
Share of other comprehensive income of joint ventures	<u>—</u>	<u>3,545</u>	<u>3,545</u>	<u>—</u>	<u>3,545</u>
Total other comprehensive loss	<u>—</u>	<u>(28,182)</u>	<u>(28,182)</u>	<u>—</u>	<u>(28,182)</u>
Total comprehensive loss for the period	<u>—</u>	<u>(11,955)</u>	<u>(11,955)</u>	<u>—</u>	<u>(11,955)</u>
Balances at 30th September 2013	<u><u>13,459</u></u>	<u><u>948,233</u></u>	<u><u>961,692</u></u>	<u><u>—</u></u>	<u><u>961,692</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Net cash used in operating activities	(14,781)	(22,068)
Net cash generated from/(used in) investing activities	38,588	(8,807)
Net cash used in financing activities	(1,233)	(41,122)
Increase/(decrease) in cash and cash equivalents	22,574	(71,997)
Cash and cash equivalents at 1st April	556,251	884,053
Cash and cash equivalents at 30th September	<u>578,825</u>	<u>812,056</u>
Analysis of balances of cash and cash equivalents		
Cash at banks, other time deposits and cash on hand	226,474	281,062
Non-pledged time deposits with original maturity of three months or less when acquired	345,115	530,994
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	571,589	812,056
Time deposits with original maturity of less than three months when acquired, pledged as security for trade financing facilities	3,646	—
Cash attributable to a discontinued operation	3,590	—
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>578,825</u>	<u>812,056</u>

Notes:

1. GENERAL INFORMATION

The Group is principally engaged in the following businesses:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **branded food:** developing and operating Burger King restaurants in Hong Kong (discontinued on 31st October 2013);
- **fishmeal, fish oil and aquatic products:** refining and sale of fish oil, processing and sale of fishmeal, manufacturing and sale of aquatic feed products, aquaculture and processing and sale of aquatic products (disposed of on 19th September 2013); and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the “Companies Act”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is Suite 1318, 13th Floor, Two Pacific Place, 88 Queensway, Hong Kong.

The Company’s ordinary shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This announcement is presented in Hong Kong dollars 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 November 2013.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

This unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st March 2013.

During the year ended 31st March 2013, the Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time:

HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>

These five HKFRSs have been adopted retrospectively and the impact on the unaudited condensed consolidated income statement for the six months and three months ended 30th September 2012 is set out below:

	For the six months ended 30th September 2012 <i>HK\$'000</i>	For the three months ended 30th September 2012 <i>HK\$'000</i>
Decrease in revenue	(375,350)	(180,651)
Decrease in cost of sales	330,983	157,366
Increase in other income and gains, net	2,079	2,074
Decrease in selling and distribution expenses	8,773	5,073
Decrease in general and administrative expenses	14,991	6,101
Decrease in finance income	(1,464)	(850)
Decrease in finance costs	8,534	3,392
Decrease in income tax expense	5,584	3,292
Increase in share of profits and losses of joint ventures	5,569	4,020
	<hr/>	<hr/>
Decrease in profit	(301)	(183)
	<hr/> <hr/>	<hr/> <hr/>
Decrease in profit attributable to non-controlling interests	(301)	(183)
	<hr/> <hr/>	<hr/> <hr/>

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2013, except for the adoption of the following new and revised standards and interpretations for the first time for the current period's financial information:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009 — 2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

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

3. TURNOVER, REVENUE AND SEGMENT INFORMATION

3.1 Turnover and revenue

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

	For the six months ended 30th September		For the three months ended 30th September	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
Sales of goods	680,002	324,171	371,693	97,031
Commission and other service income	4,686	34,713	1,224	17,965
	<u>684,688</u>	<u>358,884</u>	<u>372,917</u>	<u>114,996</u>

3.2 Operating segment information

For management purpose, the Group, including its joint ventures, is organised into three major reportable operating segments — hi-tech distribution and services, branded food (discontinued on 31st October 2013) and fishmeal, fish oil and aquatic products (disposed of on 19th September 2013). The hi-tech distribution and services operating segment derives revenue from the sale of goods, commission and other service income.

Upon the early adoption of HKFRS 11, the Group's accounting for its joint ventures, which operated in the fishmeal, fish oil and aquatic products business, were changed from proportionate consolidation to equity accounting method from the date of acquisition, incorporation or registration of jointly-controlled entities. As a result, the operating segment information of the Group has been restated to reflect this change.

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

Segment assets consist primarily of property, plant and equipment, intangible assets, other non-current assets, inventories, note receivables, investments in joint ventures and trade and other receivables. Unallocated assets comprise pledged bank deposit, cash and cash equivalents and corporate and others.

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

Capital expenditure comprises additions to property, plant and equipment.

**Six months ended 30th September 2013
(Unaudited)**

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

Six months ended 30th September 2012
(Unaudited)

	Hi-tech distribution and services operation <i>HK\$'000</i>	Fishmeal, fish oil and aquatic products operation (disposed of on 19th September 2013) <i>HK\$'000</i> (Restated)	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	358,884	—	358,884
Segment results before amortisation of intangible assets	16,607	5,569	22,176
Finance income			2,389
Finance costs			(1,652)
Corporate and other unallocated expenses			(9,645)
Profit before income tax from continuing operations			13,268
Income tax expense			(2,786)
Profit for the period from continuing operations			10,482
Profit for the period from a discontinued operation (<i>note 7</i>)			2,779
Profit for the period			13,261
Capital expenditure:			
Segment assets	891		891
Corporate and other unallocated capital expenditure			111
			1,002
Depreciation:			
Segment assets	2,124		2,124
Corporate and other unallocated depreciation			104
			2,228

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

	Hi-tech distribution and services operation HK\$'000	Total HK\$'000		
As at 30th September 2013 (Unaudited)				
Segment assets	625,992	625,992		
Unallocated assets:				
Cash and cash equivalents		571,589		
Pledged bank deposit		3,646		
Corporate and others		95,619		
Assets related to a discontinued operation		13,876		
		<hr/>		
Total assets per the unaudited condensed consolidated statement of financial position		1,310,722		
		<hr/> <hr/>		
	Hi-tech distribution and services operation HK\$'000	Fishmeal, fish oil and aquatic products operation (disposed of on 19th September 2013) HK\$'000	Branded food operation (discontinued on 31st October 2013) HK\$'000	Total HK\$'000
As at 31st March 2013 (Audited)				
Segment assets	461,015	137,684	11,975	610,674
Unallocated assets:				
Cash and cash equivalents				556,251
Corporate and others				3,080
				<hr/>
Total assets per the unaudited condensed consolidated statement of financial position				1,170,005
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Geographical information

(a) Revenue from external customers

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

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

	For the six months ended 30th September 2013 HK\$'000 (Unaudited)			For the six months ended 30th September 2012 HK\$'000 (Unaudited)		
	Continuing operations	Discontinued operation	Total	Continuing operations (Restated)	Discontinued operation (Restated)	Total
Hong Kong	—	52,322	52,322	—	64,876	64,876
Mainland China	667,469	—	667,469	358,736	—	358,736
Asia — Others	17,219	—	17,219	148	—	148
Total revenue	<u>684,688</u>	<u>52,322</u>	<u>737,010</u>	<u>358,884</u>	<u>64,876</u>	<u>423,760</u>

(b) Non-current assets

The non-current assets information is based on the location of assets.

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

	As at 30th September 2013 HK\$'000 (Unaudited)	As at 31st March 2013 HK\$'000 (Audited)
Hong Kong	427,296	389,045
Mainland China	238	137,899
Asia — Others	553	325
	<u>428,087</u>	<u>527,269</u>

Information about major customers

During the six months ended 30th September 2013, revenue from continuing operations of approximately HK\$163,729,000 was derived from sales by the hi-tech distribution and services operating segment to a single customer. During the six months ended 30th September 2012, no single customer accounted for more than 10% of the total revenue.

4. FINANCE INCOME AND COSTS

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

	For the six months ended 30th September		For the three months ended 30th September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)	(Unaudited)	(Unaudited) (Restated)
Finance income:				
Interest income from bank deposits	990	2,389	624	1,295
Net foreign exchange gains on financing activities	361	—	—	—
	<u>1,351</u>	<u>2,389</u>	<u>624</u>	<u>1,295</u>
Finance costs:				
Interest on bank loans	95	453	31	159
Net foreign exchange losses on financing activities	—	1,199	—	(145)
	<u>95</u>	<u>1,652</u>	<u>31</u>	<u>14</u>

5. INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2012: 25%).

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

The amounts of income tax expense recorded in the unaudited condensed consolidated income statement from continuing operations represent:

	For the six months ended 30th September		For the three months ended 30th September	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited) (Restated)
Current taxation				
Hong Kong profits tax				
— current period	1,394	2,758	766	1,050
Mainland China enterprise income tax				
— current period	260	28	225	32
Deferred taxation	24	—	24	—
	<u>1,678</u>	<u>2,786</u>	<u>1,015</u>	<u>1,082</u>

6. DISPOSAL OF INVESTMENT IN JOINT VENTURES

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

With the disposal of Coland, the results from Coland will no longer be included in the Group’s results subsequent to the completion of disposal.

The shared revenue and expenses of Coland up to the completion date of disposal are set out as below:

	For the six months ended 30th September		For the three months ended 30th September	
	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)	2013 <i>HK\$'000</i> (Unaudited)	2012 <i>HK\$'000</i> (Unaudited)
Revenue	282,032	375,350	172,027	180,652
Expenses	(270,354)	(363,894)	(162,691)	(173,156)
Profit before tax	11,678	11,456	9,336	7,496
Income tax expense	(374)	(5,586)	1,230	(3,293)
Non-controlling interests	(21)	(301)	(45)	(183)
Profit for the period	11,283	5,569	10,521	4,020
Other comprehensive income/(loss)	3,545	(1,249)	938	(386)
Total comprehensive income for the period	<u>14,828</u>	<u>4,320</u>	<u>11,459</u>	<u>3,634</u>

7. DISCONTINUED OPERATION

On 29th August 2013, the Group entered into a sale and purchase agreement to dispose of its entire interests in Smart Tactic Limited and its subsidiaries (“Smart Tactic Group”). Smart Tactic Group engages in branded food operation. The Group has decided to cease its branded food operation because it enables the Group to reserve more resources on its hi-tech distribution and services operation and explore future investment to enhance shareholders’ value. Details are disclosed in the Company’s announcement dated 29th August 2013. The disposal of Smart Tactic Group has been completed on 31st October 2013.

With the disposal of Smart Tactic Group, the results from Smart Tactic Group will no longer be included in the Group’s results subsequent to the completion of disposal.

The results of Smart Tactic Group for the period are set out as below:

	For the six months ended 30th September		For the three months ended 30th September	
	2013 <i>HK\$’000</i> (Unaudited)	2012 <i>HK\$’000</i> (Unaudited)	2013 <i>HK\$’000</i> (Unaudited)	2012 <i>HK\$’000</i> (Unaudited)
Revenue	52,322	64,876	26,175	32,225
Expenses	(50,189)	(59,103)	(26,509)	(28,422)
Finance costs	(998)	(2,994)	(446)	(1,839)
Profit/(loss) before tax from the discontinued operation	1,135	2,779	(780)	1,964
Income tax expense	—	—	—	—
Profit/(loss) for the period from the discontinued operation	<u>1,135</u>	<u>2,779</u>	<u>(780)</u>	<u>1,964</u>

The major classes of assets and liabilities of Smart Tactic Group classified as held for sale as at 30th September 2013 are as follows:

	As at 30th September 2013 <i>HK\$’000</i>	As at 31st March 2013 <i>HK\$’000</i>
<u>Assets</u>		
Inventory	977	—
Prepayments, deposits and other receivables	9,309	—
Cash and short term deposits	3,590	—
Assets classified as held for sale	<u>13,876</u>	—
<u>Liabilities</u>		
Borrowings	(11,471)	—
Trade payables	(4,489)	—
Other payables and accruals	(11,007)	—
Provisions	(15,928)	—
Liabilities directly associated with the assets classified as held for sale	<u>(42,895)</u>	—
Net liabilities directly associated with the disposal group	<u>(29,019)</u>	—

The net cash flow incurred by Smart Tactic Group:

	For the six months ended	
	30th September	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Operating activities	(2,125)	(9,615)
Investing activities	—	—
Financing activities	<u>2,068</u>	<u>5,106</u>
Net cash outflows	<u><u>(57)</u></u>	<u><u>(4,509)</u></u>

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

	For the six months ended		For the three months ended	
	30th September		30th September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) attributable to ordinary equity holders of the parent from the discontinued operation	1,135	2,779	(780)	1,964
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	1,345,978,948	1,345,940,479	1,345,978,948	1,345,938,948
Earnings/(loss) per share from discontinued operation Basic and diluted (<i>HK cents</i>)	<u><u>0.09</u></u>	<u><u>0.21</u></u>	<u><u>(0.06)</u></u>	<u><u>0.15</u></u>

8. EARNINGS PER SHARE

Basis earnings/(loss) per share

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

	For the six months ended 30th September					
	2013			2012		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Profit attributable to shareholders of the Company (HK\$'000)	<u>15,092</u>	<u>1,135</u>	<u>16,227</u>	<u>10,482</u> (Restated)	<u>2,779</u> (Restated)	<u>13,261</u> (Restated)
Weighted average number of ordinary shares in issue*	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,940,479</u>	<u>1,345,940,479</u>	<u>1,345,940,479</u>
Basic earnings per share (HK cents)	<u>1.12</u>	<u>0.09</u>	<u>1.21</u>	<u>0.78</u>	<u>0.21</u>	<u>0.99</u>
	For the three months ended 30th September					
	2013			2012		
	Continuing Operations (Unaudited)	Discontinued Operation (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited) (Restated)	Discontinued Operation (Unaudited) (Restated)	Total (Unaudited) (Restated)
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>18,588</u>	<u>(780)</u>	<u>17,808</u>	<u>4,451</u> (Restated)	<u>1,964</u> (Restated)	<u>6,415</u> (Restated)
Weighted average number of ordinary shares in issue*	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>
Basic earnings/(loss) per share (HK cents)	<u>1.38</u>	<u>(0.06)</u>	<u>1.32</u>	<u>0.33</u>	<u>0.15</u>	<u>0.48</u>

* The weighted average number of ordinary shares for the three months and six months ended 30th September 2012 has been adjusted for the Capital Reorganisation (as defined in the Group's announcement and circular dated 13th July 2012 and 16th August 2012 respectively) taken place on 17th September 2012.

Diluted earnings/(loss) per share

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the six months and three months ended 30th September 2013 and 2012 as the Group did not have any potentially dilutive ordinary shares in issue during these periods.

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2013.

On 9th August 2012, the Board proposed a special dividend of HK2 cents per ordinary share before Capital Reorganisation (equivalent to HK20 cents per Consolidated Share after the Capital Reorganisation became effective on 17th September 2012), approximately HK\$269,188,000 in aggregate. This special dividend was approved by the Company's shareholders at the special general meeting of the Company held on 14th September 2012. This special dividend was paid on 9th October 2012 to shareholders whose names appeared on the Register of Members of the Company on 27th September 2012.

10. CAPITAL EXPENDITURE

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)	Leasehold land under operating lease and land use rights <i>HK\$'000</i> (Unaudited)	Intangible assets <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
At 1st April 2013	8,617	—	—	373,692	382,309
Additions	3,216	—	—	—	3,216
Disposals	(1,727)	—	—	—	(1,727)
Depreciation	(2,246)	—	—	—	(2,246)
Exchange realignments	(37)	—	—	—	(37)
At 30th September 2013	<u>7,823</u>	<u>—</u>	<u>—</u>	<u>373,692</u>	<u>381,515</u>
At 1st April 2012					
As previously reported	119,597	2,597	17,994	390,322	530,510
Effects of early adoption of HKFRSs	<u>(108,948)</u>	<u>(2,597)</u>	<u>(17,994)</u>	<u>(16,630)</u>	<u>(146,169)</u>
As restated	10,649	—	—	373,692	384,341
Additions (restated)	1,002	—	—	—	1,002
Disposals	(246)	—	—	—	(246)
Depreciation (restated)	(2,228)	—	—	—	(2,228)
Exchange realignments (restated)	<u>(104)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(104)</u>
At 30th September 2012	<u>9,073</u>	<u>—</u>	<u>—</u>	<u>373,692</u>	<u>382,765</u>

11. NOTE RECEIVABLES

	As at 30th September 2013 HK\$'000 (Unaudited)
Note receivables	90,884
<i>Less:</i> Non-current portion	<u>(44,865)</u>
Current portion	<u><u>46,019</u></u>

The note receivables of HK\$90,884,000 represent the consideration payable by Mr. Wong Chun, the purchaser, in relation to the Transaction.

The note receivables are guaranteed by Coland and are secured by 100% of preferred shares of Coland, interest bearing at 1% per annum and repayable at terms stipulated in the Agreement.

12. TRADE AND OTHER RECEIVABLES

	As at 30th September 2013 HK\$'000 (Unaudited)	As at 31st March 2013 HK\$'000 (Audited)
Trade and bills receivables	243,816	75,467
<i>Less:</i> Impairment of trade receivables	<u>(2,326)</u>	<u>(2,382)</u>
Trade and bills receivables, net	241,490	73,085
Prepayments	1,988	2,915
Rental deposits — current portion	553	3,498
Interest and other receivables	<u>907</u>	<u>4,215</u>
	<u><u>244,938</u></u>	<u><u>83,713</u></u>

The Group's trading terms with its customers are mainly on letters of credit or documents against payment, in some cases granting a credit period of 30 to 90 days, except for new customers, where payment in advance is normally required. An ageing analysis of trade and bills receivables, based on invoice date and net of impairment, as at the end of the reporting period is as follows:

	As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
90 days or less	216,494	49,116
91 to 180 days	22,320	12,910
181 to 270 days	1,206	7,963
271 to 365 days	1,470	3,096
	<u>241,490</u>	<u>73,085</u>

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

13. TRADE AND OTHER PAYABLES

	As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
Trade and bills payables	227,481	88,311
Accrual for operating expense	37,549	42,999
Receipts in advance	11,647	12,601
Other payables	20,959	9,352
	<u>297,636</u>	<u>153,263</u>

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

	As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
90 days or less	190,377	81,058
91 to 180 days	35,787	1,061
181 to 270 days	—	2,992
271 to 365 days	—	779
Over 365 days	1,317	2,421
	<u>227,481</u>	<u>88,311</u>

14. EQUITY

Movements in equity are as follows:

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

(Unaudited)

	Attributable to shareholders of the Company			Sub-total <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i> <i>(note (i))</i>	Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>			
Balances at						
1st April 2012						
As previously reported	134,660	1,269,062	(128,411)	1,275,311	5,207	1,280,518
Effects of early adoption of HKFRSs	—	—	—	—	(5,207)	(5,207)
As restated	134,660	1,269,062	(128,411)	1,275,311	—	1,275,311
Profit for the period	—	—	13,261	13,261	—	13,261
Other comprehensive loss:						
Currency translation differences of foreign operations (restated)	—	210	—	210	—	210
Share of other comprehensive loss of joint ventures (restated)	—	(1,249)	—	(1,249)	—	(1,249)
Total comprehensive income/(loss) for the period	—	(1,039)	13,261	12,222	—	12,222
Share repurchase – <i>note (i)(a)</i>	—	(54)	—	(54)	—	(54)
Cancellation of shares repurchased – <i>note (i)(a)</i>	(66)	258	(204)	(12)	—	(12)
Capital reduction – <i>note (i)(b)</i>	(121,135)	121,135	—	—	—	—
Special dividend (<i>note 9</i>)	—	(269,188)	—	(269,188)	—	(269,188)
Balances at 30th September 2012	13,459	1,120,174	(115,354)	1,018,279	—	1,018,279

Notes:

- (i) A summary of the transactions during the six months ended 30th September 2012 with reference to the above movements in the Company's number of ordinary shares is as follows:

	Number of shares '000
Issued:	
At 1st April 2012	13,465,959
Cancellation of shares repurchased (<i>note a</i>)	(6,570)
Share consolidation (<i>note b</i>)	<u>(12,113,450)</u>
At 30th September 2012	<u><u>1,345,939</u></u>

- (a) During the six months ended 30th September 2012 and prior to the Capital Reorganisation, the Company repurchased a total of 1,400,000 ordinary shares of the Company on the Stock Exchange and a total of 6,570,000 shares were cancelled by the Company.
- (b) Pursuant to the special resolution passed on 14th September 2012, the Capital Reorganisation was effective on 17th September 2012 as follows:
- (1) share consolidation, whereby every 10 issued shares of HK\$0.01 each were consolidated into 1 ordinary share of HK\$0.10 (the "Consolidated Share") (note iii);
 - (2) capital reduction, whereby the par value of each issued Consolidated Share was reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 of the paid-up capital on each issued Consolidated Share and the total number of Consolidated Shares was rounded down to a whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the share consolidation; and
 - (3) The credit arising from the capital reduction was transferred to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to compliance with the Companies Act.

15. PROVISIONS

	Reinstatement costs HK\$'000 (Unaudited)	Onerous contracts HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At 1st April 2013	4,800	18,460	23,260
Amounts utilised during the period	(798)	(2,818)	(3,616)
Reversal of unutilised amounts	(178)	(4,349)	(4,527)
Increase in discounted amounts arising from the passage of time	—	811	811
Provision included in a discontinued operation	(3,824)	(12,104)	(15,928)
At 30th September 2013	<u>—</u>	<u>—</u>	<u>—</u>
At 1st April 2012	6,377	38,034	44,411
Amounts utilised during the period	(342)	(4,503)	(4,845)
Reversal of unutilised amounts	(323)	(10,626)	(10,949)
Increase in discounted amounts arising from the passage of time	—	2,804	2,804
At 30th September 2012	5,712	25,709	31,421
<i>Less:</i> Current portion	(1,312)	(11,225)	(12,537)
Non-current portion	<u>4,400</u>	<u>14,484</u>	<u>18,884</u>

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the interim end, the disposal of Smart Tactic Group was completed on 31st October 2013.

BUSINESS REVIEW

Financial and Business Performance

For the six months ended 30th September 2013 (the “half-year period”), the Group recorded an unaudited consolidated revenue of approximately HK\$684,688,000 from continuing operations, versus an unaudited consolidated revenue of approximately HK\$358,884,000 (restated) in the corresponding period last year. The Group recorded an unaudited consolidated net profit of approximately HK\$16,227,000 in the half-year period, versus an unaudited consolidated net profit of approximately HK\$13,261,000 in the corresponding period last year.

Below is a summary of the financial and business highlights of each major business division. The unaudited profit/loss figures, disclosed below, do not include any intra-group charges, as they are eliminated upon consolidation.

Hi-tech Distribution and Services Division

Our hi-tech distribution and services division conducted business through our wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the distribution, sales and service of surface mount technology (“SMT”) equipment, with a history of more than 21 years serving its customers in the hi-technology sector. Our team of more than 240 engineers and customer care staff are located in more than 25 cities in China, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. We are especially well-positioned with the growing base of Chinese manufacturers. Our suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe. With its leading market position, American Tec signed new distribution and service agreements with leading SMT and software suppliers during the half-year period to complement our major partnership with Fuji Machine Mfg. Co., Ltd. to offer a comprehensive and competitive SMT solution.

During the half-year period, this division recorded a revenue of approximately HK\$684,688,000 with an unaudited net profit of approximately HK\$10,498,000, compared to an unaudited revenue of approximately HK\$358,884,000 with an unaudited net profit of approximately HK\$12,195,000 in the corresponding period last year. This year on year increase in revenue was mainly due to an increase in direct machine and solution sales though there was a reduction in commission income. More efforts have been putting on strengthening our direct machine sales so that we are less dependent on commission income. It is encouraging that its profit contributions are showing results. However, due to the challenging market situation, we are experiencing pressure on gross margins from SMT machine sales but American Tec still performs above the industry average.

Management implemented various cost control programs, improved service income and achieved higher margin contributions from sales of peripheral equipment in the half-year period to counteract the effect of pressure on gross margins of SMT machine sales.

Fishmeal, Fish Oil and Aquatic Products Division

On 19th September 2013, the Company disposed of the Group’s entire interest in 40% joint venture, Coland Group Limited (“Coland”), which operates in fishmeal, fish oil and aquatic products business.

During the half-year period, the Group shared 40% Coland’s unaudited net profit of approximately HK\$11,283,000, increased by 103.0% from the unaudited net profit of approximately HK\$5,569,000 (restated) for the corresponding period last year. The increase was due to net effect of written back of guarantee fee of approximately HK\$37,000,000 charged by the shareholders of Coland and the unaudited operating loss of approximately HK\$8,000,000 during the half-year period. Operating loss of Coland was incurred due to the high market price of imported brown fishmeal, demand from the aquaculture industry in China declined. Furthermore, owing to continuing rainfall in South China, shrimp farming industry was hampered and demand of Coland’s processed fish oil products, which are used for producing shrimp feed, was weakened.

Branded Food Division

During the half-year period, due to the closure of two restaurants as part of our profitability enhancement plan, this division recorded an unaudited revenue of approximately HK\$52,322,000 with an unaudited net profit of approximately HK\$1,135,000, versus an unaudited revenue of approximately HK\$64,876,000 with an unaudited net profit of approximately HK\$2,779,000 for the corresponding period last year. Excluding the net decrease in provision for lease obligations, the division recorded an operating loss at restaurant level of approximately HK\$1,846,000, down 54.0% from an operating loss at restaurant level of approximately HK\$4,028,000 in the corresponding period last year.

Despite the fact that the Group had implemented various measures such as closing loss making restaurants, introduction of more new products and sales campaign etc., it was not expected to achieve a turnaround of the operational result of branded food business in the near future. Hence the Board decided to dispose of the branded food business. The Board entered into a sale and purchase agreement with a purchaser on 29th August 2013 to dispose of the Group's entire issued share capital of Smart Tactic Limited ("Smart Tactic"), which operates Burger King restaurants, together with the shareholder's loan due from Smart Tactic for US\$2 million (equivalent to approximately HK\$15.6 million). The disposal was completed on 31st October 2013.

Financial Resources, Liquidity and Charges on Assets

As at 30th September 2013, the Group had bank and cash balances of approximately HK\$575,235,000 (31st March 2013: HK\$556,251,000). As at 30th September 2013, the Company had provided guarantees of HK\$485,810,000 (31st March 2013: HK\$508,826,000) with respect to banking facilities made available to its subsidiaries. These facilities were also secured by a bank deposit.

As at 30th September 2013, the Group had borrowings of approximately HK\$3,800,000 (31st March 2013: HK\$16,504,000). The gearing ratio (borrowings divided by equity attributable to shareholders of the Company) of the Group was 0.004 as at 30th September 2013, as compared to 0.017 as at 31st March 2013.

Foreign Currency Exposure

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

Employee Information

As at 30th September 2013, the Group employed 600 staff (as at 30th September 2012: 783 (restated)). Total staff costs including contribution to retirement benefit schemes incurred during the six months ended 30th September 2013 amounted to approximately HK\$49,871,000 (for the six months ended 30th September 2012: HK\$66,128,000).

Capital commitments

There was no material change in capital commitments since 31st March 2013.

Operating lease commitments

As at 30th September 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
Within one year	8,023	30,777
In the second to fifth years, inclusive	<u>7,449</u>	<u>24,013</u>
	<u>15,472</u>	<u>54,790</u>

In respect of the above non-cancellable operating lease commitments, the following provision for onerous contracts has been recognised:

	As at 30th September 2013 <i>HK\$'000</i> (Unaudited)	As at 31st March 2013 <i>HK\$'000</i> (Audited)
Onerous lease contracts		
Within one year	—	9,300
In the second to fifth years, inclusive	<u>—</u>	<u>9,160</u>
	<u>—</u>	<u>18,460</u>

OUTLOOK

Overall Summary

We expect the volatility in the global economy to continue in 2013. This will continue to offer various challenges to our existing businesses in the coming quarters, ranging from cautious customer demand to pressure on margins. Our focus will be to manage cash, costs and risks and, to build our strength during these times by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

In the near term, we expect that our customers will continue to be more cautious in their capital investment plan since competitions are getting stiffer, which may impact on our revenue and margins. However, customers are demanding more automation and services that can help them operate more efficiently and bringing their manufacturing cost down so as to compete in the increasingly competitive electronics businesses. In order to minimize the impact from the maturing and increasingly competitive SMT industry, and to strengthen our leading position in the industry and maintain healthy growth, we are focusing on the following areas: (i) accelerating the growth of revenue streams from services, (ii) introduction of new products and solutions that yield higher margins and (iii) extension to alternative market segments such as applied electronics and software. At the same time, we will also continue to monitor our working capital, constantly review gross margin contribution from each product, manage operating costs and foreign exchange risk closely with a view to protect our cash flow and profitability.

Divestment of Coland and Burger King

The disposals of fishmeal and branded food businesses give the Group good opportunities to divest its investments in loss recurring businesses, so as to avoid suffering further from operation loss in the coming years and facilitate the Group to focus its efforts on development of its electronic equipment distribution business and enable the Group to reserve more resources to explore future investments to enhance shareholders' value.

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

As at 30th September 2013, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
Ding Yi	Beneficial owner	402,445,296	29.90%

Save as disclosed above, as at 30th September 2013, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

INTERESTS OR SHORT POSITIONS OF OTHER PERSONS

As at 30th September 2013, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

Long positions in the shares of the Company

Other shareholders of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	7.89%
United Overseas Bank Limited	Beneficial owner	69,457,701	5.16%

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 30th September 2013.

SHARE OPTION SCHEME

No share options have been granted by the Company pursuant to a share option scheme adopted on 10th June 2002, which was expired on 10th June 2012 (the “2002 Scheme”). After the expiry of the 2002 scheme, the Company has not adopted any new share option scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 30th September 2013, no share options have been granted pursuant to the Best Creation Scheme.

COMPETING INTERESTS

As at 30th September 2013, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30th September 2013.

CORPORATE GOVERNANCE CODE

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during six months ended 30th September 2013, acting in compliance with the Code.

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

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, Mr. James Tsiolis, Non-executive Director elected by the shareholders at the general meeting of the Company has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meetings in accordance with the bye-laws of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of 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 throughout the six months ended 30th September 2013.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three Independent Non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the six months ended 30th September 2013 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 8th November 2013

As at the date of this announcement, the Board comprises Mr. Ding Yi (Chairman and Executive Director); Mr. James Tsiolis (Deputy Chairman and Non-executive Director) and Mr. Joseph Chan Nap Kee (Non-executive Director); and Mr. Stephen Luk Kai Ming, Mr. Kenneth Kon Hiu King and Mr. Joseph Liang Hsien Tse (Independent Non-executive Directors).

This announcement 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.