
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in North Asia Strategic Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and Form of Acceptance, 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 Composite Document and the Form of Acceptance.

NORTH ASIA STRATEGIC HOLDINGS LIMITED *LU YING*

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY



廣發證券(香港)經紀有限公司
GF SECURITIES (HONG KONG) BROKERAGE LIMITED

FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF NORTH ASIA STRATEGIC HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH HER)

Financial Adviser to the Offeror



廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

Independent Financial Adviser to the Independent Board Committee

VEDA | CAPITAL
智略資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from GF Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 16 of this Composite Document. A letter from the Board is set out on pages 17 to 20 of this Composite Document. A letter from the Independent Board Committee containing its advice on the Offer to the Independent Shareholders is set out on pages 21 to 22 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 23 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-4 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by not later than 4:00 p.m. on Friday, 10 June 2016 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "7. Overseas Holders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Holder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements. Each Overseas Holder is advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.nasholdings.com as long as the Offer remains open.

20 May 2016

* For identification purposes only

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the website of the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, Shareholders and prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
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Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	Friday, 20 May 2016
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Offer open for acceptance (<i>Note 1</i>)	Friday, 20 May 2016
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Latest time and date for acceptance of the Offer (<i>Note 2</i>)	4:00 p.m. on Friday, 10 June 2016
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Closing Date of the Offer (<i>Note 2</i>)	Friday, 10 June 2016
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Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 2</i>)	Not later than 7:00 p.m. on Friday, 10 June 2016
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Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Tuesday, 21 June 2016
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Note 1: The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

Note 2: In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance of the Offer is 4:00 p.m. on Friday, 10 June 2016. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange no later than 7:00 p.m. on Friday, 10 June 2016 as to whether the Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer.

Note 3: Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares under the Offer will be posted to the accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

EXPECTED TIMETABLE

Note 4: If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code;
“associate”	has the same meaning ascribed to it in the GEM Listing Rules;
“Bermuda”	means the Islands of Bermuda;
“Board”	means the board of Directors of the Company;
“Business Day(s)”	means a day on which the Stock Exchange is open for the transaction of business;
“CB Security Deed”	means the security deed entered into between GF Securities as chargee and the Offeror as chargor dated 13 April 2016 whereby the Offeror has charged to GF Securities, amongst others, the Convertible Bonds and all Shares to be issued upon the exercise of the conversion right attaching to the Convertible Bonds;
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC;
“Closing Date”	means 10 June 2016, being the closing date of the Offer, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced jointly by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code;
“Company”	means North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 8080);

DEFINITIONS

“Composite Document”	means this composite offer and response document dated 20 May 2016 jointly issued by the Offeror and the Company pursuant to the Takeovers Code;
“connected persons”	has the meaning ascribed to it in the GEM Listing Rules;
“Convertible Bonds”	means the convertible bonds due on 21 August 2017 issued by the Company on 20 August 2014 in the principal amount of HK\$60 million the full conversion of which will result in the issuance of 240,000,000 Shares at the initial conversion price of HK\$0.25 per Share (subject to adjustment);
“Directors”	means the directors of the Company;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility”	means the facility of up to HK\$80 million granted by GF Securities as lender and GF Capital as designated agent, to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing of the acquisition of the Offer Shares;
“Facility Agreement”	means the facility agreement entered into between GF Securities as lender, GF Capital as designated agent and the Offeror as borrower dated 13 April 2016;
“Form of Acceptance”	means the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“GF Capital”	means GF Capital (Hong Kong) Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer;

DEFINITIONS

“GF Securities”	means GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee” or “IBC”	means the independent committee of the Board comprising Mr. Joseph Liang Hsien Tse and Mr. Kenneth Kon Hiu King, who are independent non-executive Directors, which has been established by the Company for the purpose of advising and giving a recommendation to the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer;
“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer;
“Independent Shareholders”	means all Shareholders other than the Offeror, her associates and parties acting in concert with her;
“Joint Announcement”	means the joint announcement issued by the Offeror and the Company dated 18 April 2016 in relation to, among other things, the Transaction and the Offer;
“Last Trading Day”	means 15 April 2016, being the last trading day of the Shares before the publication of the Joint Announcement;
“Latest Practicable Date”	means 17 May 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document;

DEFINITIONS

“Mr. Ding”	means Mr. Ding Yi who as at the Latest Practicable Date held 2,445,296 Shares, representing approximately 0.13% of the total number of Shares in issue;
“Ms. Lu” or “Offeror”	means Ms. Lu Ying who as at the Latest Practicable Date held the Offeror Shares and the Convertible Bonds;
“Offer”	means the unconditional mandatory cash general offer to be made by GF Securities on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code;
“Offer Period”	means has the meaning given to it in the Takeovers Code, being the period commencing on 5 April 2016 and ending on the Closing Date;
“Offer Price”	means the offer price of the Offer Shares in the Offer being HK\$0.075 per Offer Share;
“Offer Shares”	means all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with her;
“Offeror Shares”	means the 969,058,296 Shares, representing approximately 50.60% of the total number of Shares in issue held by the Offeror as at the Latest Practicable Date;
“Offeror Shares Security Deed”	means the security deed entered into between GF Securities as chargee and the Offeror as chargor dated 13 April 2016 whereby the Offeror has charged to GF Securities, amongst others, the Offeror Shares and the Shares to be owned by the Offeror and deposited or held in a custodian account maintained with GF Securities from time to time during the tenure of the security deed;
“Overseas Holders”	means Shareholders whose addresses, as shown on the register of members of the Company, are outside of Hong Kong;

DEFINITIONS

“Preliminary Announcement”	means the announcement issued by the Company dated 5 April 2016 pursuant to Rule 3.7 of the Takeovers Code and Rule 17.10 of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the SFO;
“Registrar”	means Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong;
“Relevant Period”	means the period commencing on the date falling six months preceding 5 April 2016, being the date of the Preliminary Announcement, up to and including the Latest Practicable Date;
“Security Deeds”	means the CB Security Deed and the Offeror Shares Security Deed;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	means holder(s) of the Shares;
“Shares”	means the ordinary shares of HK\$0.01 each in the capital of the Company;
“Stock Exchange”	means the Stock Exchange of Hong Kong Limited;
“Takeovers Code”	mean the Hong Kong Code on Takeovers and Mergers;
“Trading Day”	means a day when the Stock Exchange is open for trading in Hong Kong;

DEFINITIONS

“Transaction”	means the sale of 400,000,000 Shares by Mr. Ding to Ms. Lu on 31 March 2016 for a cash consideration of HK\$30,000,000, being HK\$0.075 per Share and the completion of which took place after trading hours on 31 March 2016; and
“%”	per cent.

LETTER FROM GF SECURITIES



29-30/F, Li Po Chun Chambers,
189 Des Voeux Road Central,
Hong Kong

To the Independent Shareholders

20 May 2016

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
GF SECURITIES FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF
NORTH ASIA STRATEGIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH HER)**

(I) INTRODUCTION

Reference is made to the announcement of the Company dated 5 April 2016 and the Joint Announcement in relation to, among other things, the Transaction and the Offer. Immediately prior to the Transaction, the Offeror held 569,058,296 Shares, representing approximately 29.72% of the total number of Shares in issue, and the Convertible Bonds. Immediately after completion of the Transaction on 31 March 2016, the Offeror held an aggregate of 969,058,296 Shares, representing approximately 50.60% of the then total number of Shares in issue, and the Convertible Bonds. As a result of the Transaction, the voting rights in the Company held by the Offeror increased to 30% or more and therefore the Offeror incurred an obligation to make an unconditional mandatory cash offer under Rule 26.1 of the Takeovers Code for all the Shares (other than those already owned or agreed to be acquired by the Offeror or parties acting in concert with her).

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information on the Offeror and her intention regarding the Group. Further details on the terms and the procedures for acceptances of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

LETTER FROM GF SECURITIES

(II) THE OFFER

Principal terms of the Offer

GF Securities is making, for and on behalf of the Offeror, the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share HK\$0.075 in cash

The Offer is unconditional in all respects.

Assuming that there is no change in the number of issued Shares before the Closing Date, a total of 945,938,948 Shares will be subject to the Offer.

The Offer Price of HK\$0.075 per Offer Share under the Offer is the same as the purchase price per Share paid by the Offeror in the Transaction. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

As all the Convertible Bonds were held by the Offeror as at the date of this Offer, no comparable offer will be made in respect of the Convertible Bonds.

Save for the Convertible Bonds, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Comparison of value

The Offer Price of HK\$0.075 per Offer Share represents:

- (i) a discount of approximately 34.21% over the closing price of HK\$0.114 per Share quoted on the Stock Exchange on 15 April 2016, being the Last Trading Day;
- (ii) a discount of approximately 33.63% to the average closing price of approximately HK\$0.113 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM GF SECURITIES

- (iii) a discount of approximately 33.63% to the average closing price of approximately HK\$0.113 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 26.47% to the average closing price of approximately HK\$0.102 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 36.44% to the closing price of HK\$0.118 per Share quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 88.46% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.65 per Share as at 31 March 2015, being the date to which the latest audited consolidated financial results of the Company were made up.

Highest and lowest Share prices

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.137 on 6 November 2015; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.092 on 11 February 2016, 10 March 2016 and 21 March 2016.

Value of the Offer

As at the Latest Practicable Date, there were 1,914,997,244 Shares in issue. On the basis of the Offer Price of HK\$0.075 per Offer Share, the entire issued share capital of the Company is valued at HK\$143,624,793.3. On the basis that there are 945,938,948 Shares subject to the Offer and assuming that there is no change in the number of issued Shares before the Closing Date, the value of the Offer is HK\$70,945,421.1.

LETTER FROM GF SECURITIES

Financial resources sufficiency

The maximum aggregate amount payable by the Offeror upon full acceptance of the Offer is HK\$70,945,421.1. The Offeror will satisfy the consideration payable under the Offer by way of the Facility.

GF Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer.

On 13 April 2016, the Offeror as borrower entered into the Facility Agreement with GF Securities as lender and GF Capital as designated agent, pursuant to which GF Securities agreed to grant to the Offeror a facility of up to HK\$80 million for financing of the acquisition of the Offer Shares. Pursuant to the provisions of the Facility Agreement, among other things, the Offeror is required to and entered into, amongst others, the Security Deeds in favour of GF Securities whereby the Offeror has charged to GF Securities, amongst others, (a) the Convertible Bonds and all Shares to be issued upon the exercise of the conversion right attaching to the Convertible Bonds, and (b) the Offeror Shares and the Shares to be owned by the Offeror pursuant to the Offer and deposited or held in a custodian account maintained with GF Securities from time to time during the tenure of the Offeror Shares Security Deed.

The Offeror confirms that payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility will not depend to any significant extent on the business of the Company.

Compulsory acquisition

The Offeror does not intend to avail herself of any powers of compulsory acquisition of any Shares outstanding after the Closing Date.

Effect of accepting the Offer

By accepting the Offer, accepting Shareholders will sell their Shares to the Offeror free from all encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made, or paid on or after the date on which the Offer is made.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made. Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

LETTER FROM GF SECURITIES

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptance or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with her, the Company, GF Securities, GF Capital, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or her agent) to render each such acceptance complete and valid.

Dealing and interests in the Company's securities

Save for the 400,000,000 shares that are the subject of the Transaction, none of the Offeror or parties acting in concert with her has dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

The Offeror confirms that, as at the Latest Practicable Date:

- (i) the Offeror and/or parties acting in concert with her have not received any irrevocable commitment to accept the Offer;

LETTER FROM GF SECURITIES

- (ii) save for the Convertible Bonds held by the Offeror, the full conversion of which will result in the issuance of an aggregate of 240,000,000 Shares, there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with her;
- (iii) there are no conditions to which the Offer is subject;
- (iv) save for the Facility Agreement and the Security Deeds, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) save for the Offeror Shares and the Convertible Bonds held by the Offeror, the full conversion of which will result in the issuance of an aggregate of 240,000,000 Shares, none of the Offeror and/or parties acting in concert with her owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (vi) there is no agreement or arrangement to which the Offeror and/or parties acting in concert with her is a party which relates to circumstances in which she may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (v) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with her has borrowed or lent.

Overseas Holders

The availability of the Offer to any Overseas Holders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Holders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Holders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Holders in respect of such jurisdictions).

LETTER FROM GF SECURITIES

Any acceptance by any Overseas Holders will be deemed to constitute a representation and warranty from such Overseas Holders to the Offeror that the local laws and requirements have been complied with. The Overseas Holders should consult their professional advisers if in doubt.

(III) INFORMATION OF THE OFFEROR

Ms. Lu is the chief representative of the Shanghai representative office of North Asia Strategic (HK) Limited, which is a wholly-owned subsidiary of the Company. Ms. Lu commenced her employment with North Asia Strategic (HK) Limited on 1 September 2014. Ms. Lu is also a director of North Asia Financial Leasing (Shanghai) Co., Ltd., which is a wholly-owned subsidiary of the Company. Ms. Lu was appointed as a director of North Asia Financial Leasing (Shanghai) Co., Ltd. on 20 November 2014.

(IV) INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

It is the intention of the Offeror that the Group will continue with its existing principal activities after the Closing Date and will maintain the listing status of the Company. The Offeror also intends that there will be no change in the management of the Group nor any significant changes in the employees of the Company. However, the Offeror may conduct a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position. If the Offeror does conduct a detailed review of the business activities and assets of the Group, the Offeror may, subject to the results of the review, explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

Proposed change to the Board composition of the Company

As at the Latest Practicable Date, the Board comprises Ms. Zhang Yifan and Mr. Pierre Tsui Kwong Ming as the executive Directors and Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King as the independent non-executive Directors.

LETTER FROM GF SECURITIES

The Company has not been informed of any change or potential change or resignation of the Directors as at the Latest Practicable Date.

The Offeror did not have any intention to nominate new Directors to the Board as at the Latest Practicable Date but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board it shall be with the effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the Closing Date.

If the public float of the Company falls below 25% following the close of the Offer, the Offeror and any new director to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

(V) ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

(VI) DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code and including persons who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

LETTER FROM GF SECURITIES

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the relevant rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

(VII) GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Holders is drawn to paragraph headed “7. Overseas Holders” of Appendix I to this Composite Document.

LETTER FROM GF SECURITIES

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror, the Company, GF Securities, GF Capital, Veda Capital, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Offer accepts any liabilities for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

(VIII) ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,

For and on behalf of

GF Securities (Hong Kong) Brokerage Limited

Brian Lee

Managing Director

LETTER FROM THE BOARD

NORTH ASIA STRATEGIC HOLDINGS LIMITED 北亞策略控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8080)

Board of Directors:

Executive Directors:

Zhang Yifan

Pierre Tsui Kwong Ming

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Joseph Liang Hsien Tse

Joseph Chan Nap Kee

Kenneth Kon Hiu King

20 May 2016

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE
ISSUED SHARES IN THE CAPITAL OF
NORTH ASIA STRATEGIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING
IN CONCERT WITH HER)**

INTRODUCTION

The Company announced on 5 April 2016 and jointly announced with the Offeror on 18 April 2016 that, among other things, on 31 March 2016 Mr. Ding disposed of 400,000,000 Shares held by him to the Offeror for a cash consideration of HK\$30,000,000. Immediately after the completion of the Transaction, the aggregate shareholding held by the Offeror in the Company increased from approximately 29.72% to approximately 50.60%. As the Offeror has increased her holding of voting rights in the Company to 30% or more, she has therefore incurred an obligation to make an unconditional mandatory offer under the

LETTER FROM THE BOARD

Takeovers Code for all the issued Shares other than those already owned or agreed to be acquired by her and parties acting in concert with her pursuant to Rule 26.1 of the Takeovers Code.

GF Securities is making the Offer for and on behalf of the Offeror.

As at the Latest Practicable Date, as all the Convertible Bonds were held by the Offeror, no comparable offer will be made in respect of the Convertible Bonds.

The Independent Board Committee comprising Mr. Joseph Liang Hsien Tse and Mr. Kenneth Kon Hiu King, who have no direct or indirect interest in the Offer, has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Joseph Chan Nap Kee, an independent non-executive Director, is not taking part in the Independent Board Committee in order to avoid any perceived conflict of interest due to his 5% indirect shareholding in the holding company of Oriental Patron Securities Limited (“OPSL”) which has acted as the broker for the Transaction and his role as a founder of Oriental Patron Financial Group, although he has had no involvement or role in OPSL or the Transaction.

Veda Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offer. The full text of the letter from the Independent Financial Adviser to the Independent Board Committee is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offer are set out in the “Letter from GF Securities” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offer as well as to set out (i) the “Letter from the Independent Board Committee” containing its recommendation to the Independent Shareholders, and (ii) the “Letter from the Independent Financial Adviser” containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offer.

THE OFFER

As set out in the “Letter from GF Securities” contained in this Composite Document, GF Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following base:

For each Offer Share HK\$0.075 in cash

LETTER FROM THE BOARD

The Offer Price of HK\$0.075 for each Offer Share is the same as the purchase price per Share paid by the Offeror in the Transaction. The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with her in accordance with the Takeovers Code.

As at the Latest Practicable Date, as all the Convertible Bonds were held by the Offeror, no comparable offer will be made in respect of the Convertible Bonds.

FURTHER INFORMATION ON THE OFFER

Please also refer to the “Letter from GF Securities” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offer, the making of the Offer to the Overseas Holders, taxation and acceptance and settlement procedures of the Offer.

INFORMATION ON THE GROUP

The Company is incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment; the provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects; and the provision of finance to its customers by a wide array of assets under finance lease arrangements.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from GF Securities” contained in this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “Intentions of the Offeror in relation to the Company” in the “Letter from GF Securities” for detailed information on the Offeror’s intention on the business and management of the Group.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from GF Securities”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offer. In the event that, at the close of the Offer, the public float of the Company falls below 25%, the Offeror and any new directors to be appointed to the Board will undertake jointly and severally to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

RECOMMENDATION

Independent Shareholders are advised to read the recommendation of the Independent Board Committee set out on pages 21 to 22 of this Composite Document and the advice of the Independent Financial Adviser set out on pages 23 to 46 of this Composite Document before deciding on the actions to be taken on the Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from GF Securities” and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,

By order of the Board

NORTH ASIA STRATEGIC HOLDINGS LIMITED

Zhang Yifan

Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8080)

20 May 2016

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE
ISSUED SHARES IN THE CAPITAL OF
NORTH ASIA STRATEGIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING
IN CONCERT WITH HER)**

We refer to the Composite Document jointly issued by the Offeror and the Company dated 20 May 2016 of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and to make a recommendation as to acceptance of the Offer. Veda Capital Limited has been appointed as the independent financial adviser to advise us in respect of the above.

We draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Composite Document.

Having considered the terms of the Offer, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that as the terms of the Offer (principally, the Offer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Price) are not attractive to Independent Shareholders, they are therefore not fair and not reasonable so far as the Independent Shareholders are concerned and we therefore recommend that Independent Shareholders do not accept the Offer. However, Independent Shareholders should note also in view of the thin trading volume of the Shares, that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of part or all of their Shares at the Offer Price.

The Independent Shareholders are recommended to read the full text of the letter from the Independent Financial Adviser on pages 23 to 46 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offer.

Yours faithfully,

For and on behalf of the

INDEPENDENT BOARD COMMITTEE

Mr. Joseph Liang Hsien Tse

Independent Non-executive Director

Mr. Kenneth Kon Hiu King

Independent Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Veda Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Room 1106, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

20 May 2016

The Independent Board Committee

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
GF SECURITIES (HONG KONG) BROKERAGE LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF
NORTH ASIA STRATEGIC HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH HER)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the composite offer and response document dated 20 May 2016 (the “**Composite Document**”) jointly issued by the Company and the Offeror, of which this letter forms a part. Terms in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 31 March 2016, Mr. Ding disposed of 400,000,000 Shares held by him to the Offeror for a cash consideration of HK\$30,000,000 being HK\$0.075 per Share and the completion of which (the “**Completion**”) took place after trading hours on 31 March 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately prior to Completion, the Offeror and parties acting in concert with her held 569,058,296 Shares, representing approximately 29.72% of the total number of Shares in issue and the Convertible Bonds which can be convertible into 240,000,000 Shares at the initial conversion price of HK\$0.25 per Share (subject to adjustment). Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with her are interested in an aggregate of 969,058,296 Shares, representing approximately 50.60% of the total number of Shares in issue and the Convertible Bonds. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by her and/or parties acting in concert with her.

An Independent Board Committee comprising Mr. Joseph Liang Hsien Tse and Mr. Kenneth Kon Hiu King (being independent non-executive directors of the Company) has been formed to advise the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

THE INDEPENDENT BOARD COMMITTEE

We, Veda Capital Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Veda Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

We are independent from and not connected with the Company, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of its substantial shareholders or any person acting, or deemed to be acting, in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to the Composite Document and the information and representations as provided to us by the directors of the Company (“**Directors**”) and the management of the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and careful considerations.

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors and the management of the Company, which have been provided to us.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation. As stated in Appendix III to the Composite Document, the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with her) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with her) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

As stated in Appendix IV to the Composite Document, the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, its associates and parties acting in concert with any of them) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, its associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have not considered the tax consequences on the Independent Shareholders in respect of their acceptance or non-acceptance of the Offer since they vary depending on respective individual circumstances. The Independent Shareholders who are overseas residents or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Offer, we have considered the principal factors and reasons as set out below:

1. Background of the Offer

As announced in the Preliminary Announcement and the Joint Announcement, on 31 March 2016, Mr. Ding and the Offeror entered into the Transaction that the sale of 400,000,000 Shares by Mr. Ding to Ms. Lu on 31 March 2016 for a cash consideration of HK\$30,000,000, being HK\$0.075 per Share and the completion of which took place after trading hours on 31 March 2016.

Immediately prior to Completion, the Offeror and parties acting in concert with her held 569,058,296 Shares, representing approximately 29.72% of the total number of Shares in issue and the Convertible Bonds which can be convertible into 240,000,000 Shares at the initial conversion price of HK\$0.25 per Share (subject to adjustment). Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with her are interested in an aggregate of 969,058,296 Shares, representing approximately 50.60% of the total number of Shares in issue and the Convertible Bonds. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by her and/or parties acting in concert with her.

As at the Latest Practicable Date, there were 1,914,997,244 Shares in issue and save for the Convertible Bonds, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Background information of the Group

(a) *Principal Business*

The Company is incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment; the provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects; and the provision of finance to its customers by a wide array of assets under finance lease arrangements.

(b) *Historical financial information*

Set out below is the financial information of the Group for (i) the six months ended 30 September 2015; (ii) the year ended 31 March 2015; and (iii) the year ended 31 March 2014.

(i) *For the six months ended 30 September 2015*

As set out in the interim report of the Company for the six months ended 31 September 2015 (the “**IR 2015**”), the Group’s revenue of approximately HK\$728.1 million for the six months ended 30 September 2015 has increased by approximately 15.5% as compared to the revenue of approximately HK\$630.6 million for the six months ended 30 September 2014. As noted in the IR 2015, the increase in revenue was contributed by strong performance of surface mount technology equipment distribution business and contribution of revenue from the mining consulting business of the Dragon Mining Overseas Limited (“**Dragon Mining**”) and its subsidiaries.

The loss attributable to equity shareholders of the Company for the six months ended 30 September 2015 amounted to approximately HK\$250.2 million, as compared to the profit attributable to equity shareholders of the Company for the six months ended 30 September 2014 of approximately HK\$3.7 million, this represents the profit for the year has decreased by HK\$253.9 million. As stated in the IR 2015, the significant loss recorded for the six months ended 30 September 2015 was due

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

to an impairment of goodwill of approximately HK\$237.3 million and provisions of accounts receivables of approximately HK\$20.0 million from the mining consulting division.

As at 30 September 2015, the Group's net current assets, total assets and equity attributable to owners of the Company amounted to approximately HK\$504.4 million, approximately HK\$1,421.2 million and approximately HK\$835.8 million, respectively.

(ii) *For the year ended 31 March 2015*

As noted from the annual report of the Company for the year ended 31 March 2015 (the "AR 2015"), the Group recorded revenue of approximately HK\$1,293.9 million for the year ended 31 March 2015, representing an increase of approximately 42.6% as compared to the revenue of approximately HK\$907.7 million for the year ended 31 March 2014. As noted in the AR 2015, the increase in revenue was mainly contributed by stronger customer order for SMT machine sales across the electronic manufacturing sector, such as increase in the orders from the mobile and internet device manufacturers in China.

The profit attributable to equity shareholders of the Company for the year ended 31 March 2015 amounted to approximately HK\$25.6 million, representing a decrease in profit of approximately 45.8% as compared to the loss attributable to equity shareholders of the Company for the year ended 31 March 2014 of approximately HK\$47.2 million. As stated in the AR 2015, the decrease in profit was due to without such gains recorded from the disposal of the branded food business and fishmeal business of HK\$37.0 million and HK\$24.0 million respectively, which were recognized in the last year ended 31 March 2014.

As at 31 March 2015, the Group's net current assets, total assets and equity attributable to owners of the Company amounted to approximately HK\$485.8 million, approximately HK\$1,437.0 million and approximately HK\$1,056.3 million, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) For the year ended 31 March 2014

As noted from the annual report of the Company for the year ended 31 March 2014 (the “AR 2014”), the Group recorded revenue of approximately HK\$907.7 million for the year ended 31 March 2014, representing a increase of approximately 23.7% as compared to the revenue of approximately HK\$734.0 million for the year ended 31 March 2014. As noted in the AR 2014, the increase in revenue was mainly due to changes in sales mix that a significant increase in direct machine and solution sales had compensated the effect of reduction in commission sales. More effort has been put to strengthen our direct machine sales and less rely on commission sales.

The profit attributable to equity shareholders of the Company for the year ended 31 March 2014 amounted to approximately HK\$47.2 million, representing a significant increase in profit of approximately 80.7 million as compared to the loss attributable to equity shareholders of the Company for the year ended 31 March 2013 of approximately HK\$33.5 million. As noted in the AR 2014, the rise in profit was mainly due to disposal gains of fishmeal and branded food business of approximately HK\$24 million and approximately HK\$37 million respectively during the year ended 31 March 2014.

As at 31 March 2014, the Group’s net current assets, total assets and equity attributable to owners of the Company amounted to approximately HK\$566.0 million, approximately HK\$1,115.3 million and approximately HK\$992.5 million, respectively.

3. Future prospects and outlook of the Group

The Group is principally engaged in trading of SMT assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment; the provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects; and the provision of finance to its customers by a wide array of assets under finance lease arrangements.

Completion took place on 31 March 2016 and the Offer is an unconditional mandatory cash offer. We noted from the “Letter from GF Securities” contained in the Composite Document that the Offeror intends to continue the existing businesses of the Group. As at the Latest Practicable Date, the Offeror may conduct

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position. If the Offeror does conduct a detailed review of the business activities and assets of the Group and subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

On top of the above financial information of the Group, we noted from the AR 2015, that the Group's results displayed a growing trend in terms of revenue that the Group recorded revenue of approximately HK\$1,293.9 million for the year ended 31 March 2015, representing an increase of approximately 42.5% as compared to the revenue of approximately HK\$907.7 million for the year ended 31 March 2014. The improvement in revenue is contributed by the wide-spread adoption of 4G-LTE network in the PRC and in surrounding regions that the demand for 4G mobile handsets as well as mobile internet devices has been increasing. Direct machine sales increased by 41.1% as compared with last year and it was mainly due to stronger customer order for SMT equipment across the electronics manufacturing sector, such as increase in the orders from the mobile and internet device manufacturers in China. The growing interest in wearable electronics, internet connected products as well as automotive electronics creates opportunities of new investments in technology and equipment. Also, the sales of spare parts increased by 23.8% as compared with last year and the rise was mainly due to an increase in demand from the manufactures on the manufacturing accessories for their machines' modification to cope with their new products' productions with new design and specification on the mobile phones and tablets.

As further noted in the AR 2014 and AR 2015, the largest contributor to the Group's revenue is its hi-tech distribution and services operation which contributed more than 95% of the total revenue of the Company. The hi-tech distribution and services operation business is conducted through American Tec Company Limited (the "**American Tec**"), a wholly-owned subsidiary of the Company, which conducted hi-tech distribution and services division and has been a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control. American Tec positions, their business in the fast growing mobile device market as well as internet related products segment. American Tec has a close partnership and collaboration with key business partners such as Fuji Machine Mfg Co., Ltd ("**Fuji**") (TYO:6134), a listed Japan-based global enterprise mainly engaged in the manufacture and the sale of electronic

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

part assembly machinery and machine tools. In addition, American Tec software business was able to win multiple strategic deals in both automotive electronics and consumer electronics market segment.

Although there are concerns over further slowdown in the PRC economy on speculation that the PRC is facing challenges on further development of manufacturing industry due to the increasing labour costs and continued slow-down economy in the world, the Company continues to manage cash, costs and risks to improve capability and efficiency where the Company still recorded the profit attributable to equity shareholders of the Company for the year ended 31 March 2014 and 2015 amounted to approximately HK\$47.2 million and approximately HK\$25.6 million respectively. For the six months ended 30 September 2015, the Group recorded the loss attributable to the shareholders of the Company of approximately HK\$250.2 million. The loss was in fact due to an impairment of goodwill of approximately HK\$237.3 million and provisions of accounts receivables of approximately HK\$20.0 million from the mining consulting division. After excluding these one-off items, the Group would have recorded a net profit of approximately HK\$7,031,000 for the six months ended 30 September 2015.

We have reviewed certain policy documents released by the State Council of the PRC such as “國務院關於積極推進互聯網+”行動的指導意見 (“State Council guidance on actively promoting the “Internet + action”) (source: The State Council of the PRC* (中華人民共和國中央人民政府), (<http://www.gov.cn/>) which details the objectives and plans for the development of the integration of the internet and manufacturing industries. The PRC government will further develop intelligent manufacturing, focus on industrial control systems, intelligent sensing components, industrial cloud platforms, operating systems and other core aspects of industrial software. The PRC government will also expand high-end mobile intelligent terminal products and services to market and support mobile intelligent terminal core technology research and development for the industry.

Furthermore, “2015年電子信息產業統計公報” (“2015 Electronic Information Industry Statistics”) (source: Ministry of Industry and Information and Technology of the PRC* (中華人民共和國工業和信息化部), (<http://www.miit.gov.cn/>)) set out the statistics of electronic components manufacturing industry. For the electronic components manufacturing industry, the revenue increased from approximately RMB7,409 billion in 2011 to approximately RMB11,132 billion in 2015, representing a growth rate of 50.2% from 2011 to 2015. As stated in diagram 2 in the research, the cumulative growth rate for the electronic components manufacturing industry recorded above 10% for the whole year of 2015 while the manufacturing industry including the traditional sectors only recorded approximately 6% during 2015. We

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have also reviewed “中國製造2025” (“Smart Manufacturing 2025”) (source: The State Council of the PRC * (中華人民共和國中央人民政府), (<http://www.gov.cn/>) which also outlines the “Smart Manufacturing 2025” project and continued promotion for enhanced connectivity is also driving conventional electronic products, consumer goods manufacturers to introduce new “intelligent” products that are internet enabled, correspondingly driving new demands and replacement needs. The new product designs as well as enhanced functionalities will demand increasing complexity and capability for manufacturers, creating the need for new machines with even higher accuracy, reliability and speed.

SMT is a technology used to mount electronic components on the surface of printed circuit boards or substrates. SMT has largely replaced the traditional way to manufacture circuit boards (through-hole technology construction method) of fitting components with wire leads into holes in the circuit board. As the majority of electronic products contain surface mount components and as mentioned above, with the supportive measures by the PRC government such as “Smart Manufacturing 2025” and “Internet +” action together with the high cumulative growth rate for the electronic components manufacturing industry recorded in 2015, the increase in demand for electronic devices including mobile phones, electronic wearables and smart devices such as virtual reality devices is expected to create demands for new investments in machinery hence the trading of SMT assembly equipment and machinery business of the Company is expected to enjoy the growing interest and investment made by manufacturers of electronic products including mobile phones, electronic wearables and smart devices.

Taking into account that (i) the main business of the Company which is the trading of SMT assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment is expected to enjoy the growing interest and investment made by traditional mobile phone manufacturers in the area of electronic wearables and smart devices with supportive PRC government measures in the industry; and (ii) the solid background and experience of the management in the trading of hi-tech SMT equipment industry with close partnership and collaboration with key business partners such as Fuji will enhance the competitive strength of the Group amongst its existing rivals, we are of the view that the Group will continue to operate in a business environment with positive prospect.

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4. Principal terms of the Offer

GF Securities is making, for and on behalf of the Offeror, the Offer to acquire all the Offer Shares on the following basis:

For each Offer Share HK\$0.075 in cash

The Offer is unconditional in all respects.

Assuming that there is no change in the number of issued Shares before the Closing Date, a total of 945,938,948 Shares will be subject to the Offer.

The Offer Price of HK\$0.075 per Offer Share under the Offer is the same as the purchase price per Share paid by the Offeror in the Transaction. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

As all the Convertible Bonds were held by the Offeror as at the date of this Offer, no comparable offer will be made in respect of the Convertible Bonds.

Save for the Convertible Bonds, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

4.1 The Offer Price

The Offer Price of HK\$0.075 per Offer Share represents:

- (a) a discount of approximately 34.21% over the closing price of HK\$0.114 per Share quoted on the Stock Exchange on 15 April 2016, being the Last Trading Day;
- (b) a discount of approximately 33.63% to the average closing price of approximately HK\$0.113 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

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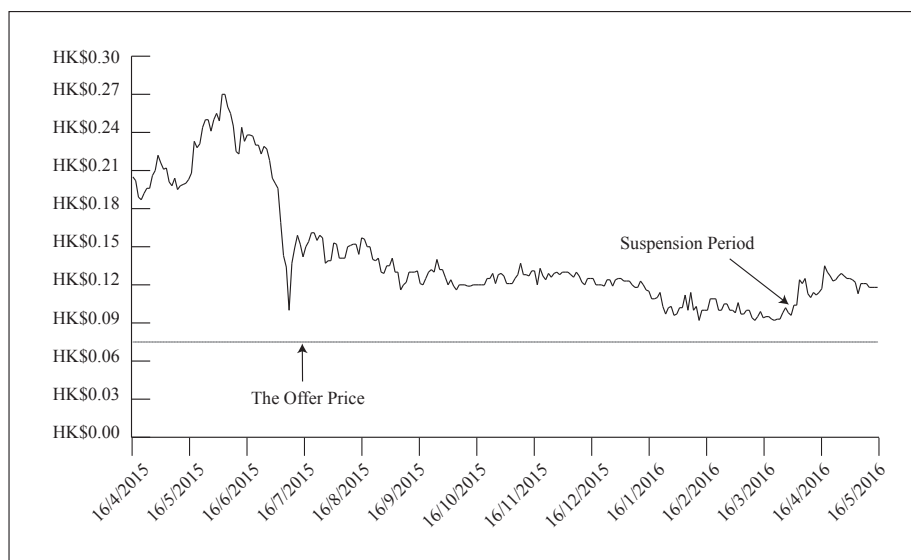
- (c) a discount of approximately 33.63% to the average closing price of approximately HK\$0.113 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 26.47% to the average closing price of approximately HK\$0.102 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 36.44% to the closing price of HK\$0.118 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (f) a discount of approximately 88.46% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.65 per Share as at 31 March 2015, the date to which the latest audited consolidated financial results of the Company were made up.
- (g) a discount of approximately 82.8% to the unaudited consolidated net assets per Share of HK\$0.436 as at 30 September 2015 (being the date to which the latest unaudited consolidated interim results of the Group were made up), calculated based on the Group's latest unaudited consolidated net assets attributable to the Shareholders of approximately HK\$835,773,000 as at 30 September 2015 and 1,914,997,244 Shares in issue as at the Latest Practicable Date.

4.2 Historical performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 16 April 2015, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”):

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Chart 1: Share price performance during the Review Period



Source: website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended on 5 April 2016 pending the publication of the Preliminary Announcement.

As shown in the above Chart 1, the closing price of the Shares closed above the Offer Price commencing from the beginning of the Review Period. The closing price of the Shares ranged from the lowest closing price of HK\$0.092 per Share recorded on 11 February 2016, 10 March 2016 and 21 March 2016 to the highest closing price of HK\$0.270 per Share recorded on 3 June 2015 and 4 June 2015, with an average of approximately HK\$0.142 per Share. The Shares were traded above the Offer Price of HK\$0.075 per Offer Share throughout the whole Review Period and the Offer Price represents a discount of approximately 72.2% to the highest closing price of the Shares and a discount of approximately 18.5% to the lowest closing price of the Shares during the Review Period, respectively.

Pre-announcement Period

During the period commencing from 16 April 2015 to 5 April 2016 (being the last trading date prior to the release of the Preliminary Announcement) (the “**Pre-announcement Period**”), the closing price of the Shares generally exhibited a downward trend and on 8 July 2015, the closing price of the Shares dropped sharply and subsequently hit the closing price of HK\$0.100 on 8 July 2015, the closing price of the Shares then bounced back from HK\$0.100 and reached a relatively high level of HK\$0.161 on 20 July 2015. Starting from the beginning of the mid of August, the closing price of the Shares hovered

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in a range between HK\$0.116 and HK\$0.130. On 19 October 2015, although the Company issued the profit warning announcement (the “**Profit Warning Announcement**”) that a substantial amount of impairment against the value of an intangible asset (being the goodwill recorded in relation to the Company’s acquisition of Dragon Mining) was recorded, the Share price nonetheless remained stable. After that the closing price of the Shares continued to drop slowly and reached the lowest point of HK\$0.092 per Share on 11 February 2016, 10 March 2016 and 21 March 2016. At the request of the Company, trading in the Shares was suspended from 1 p.m. on 1 April 2016 to 5 April 2016 (both days inclusive) pending the publication of the Preliminary Announcement. Upon resumption of trading after the publication of the Preliminary Announcement, the closing price of the Shares then bounced back from the bottom and reached the range between HK\$0.110 and HK\$0.135 per Share. We have enquired with the Directors and were advised that save for the release of the Profit Warning Announcement and the Preliminary Announcement, the Company did not issue any other announcement which is of price-sensitive nature during the Pre-announcement Period and the Directors are not aware of any particular reason for the price movement. We believe the increase in Share price after the release of the Profit Warning Announcement and the Preliminary Announcement could possibly due to the market’s reactions and investors’ speculation towards the Offer which the Offeror has gained the controlling shareholdings of the Company.

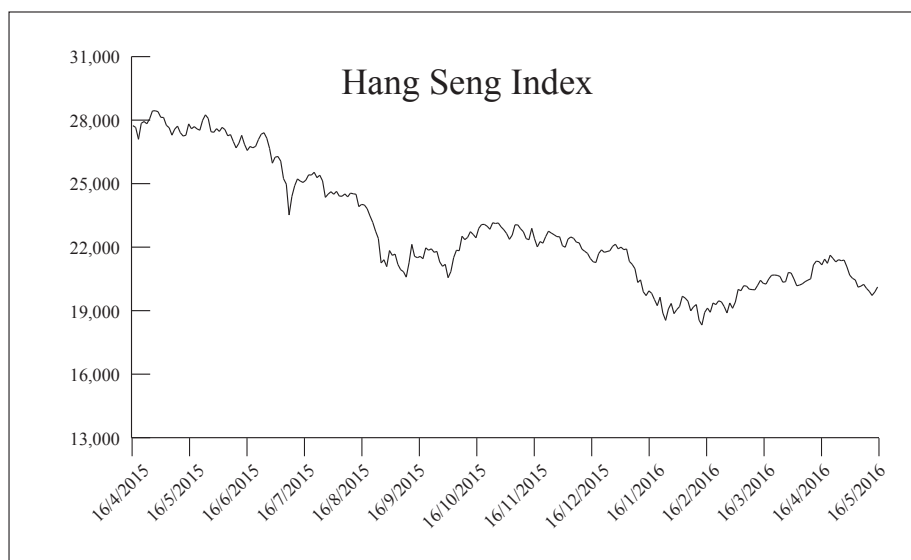
Post-announcement Period

Prior to the release of the Joint Announcement, the Share price hovered in a range of HK\$0.110 to HK\$0.125 during the period from 6 April 2016 to the Last Trading Day. The Offer Price represents a discount of 34.21% to the closing price of HK\$0.114 per Share quoted on the Stock Exchange on the Last Trading Day. Subsequent to the issue of the Joint Announcement, the closing price of the Shares increased by approximately 15.4% from HK\$0.117 on 18 April 2016 (being the first trading day after the publication of the Joint Announcement) to HK\$0.135 per Share on 19 April 2016. We have enquired with the Directors regarding the possible reasons for the increase in the Share price after the publication of the Joint Announcement and were advised that save for the sale and purchase of the 400,000,000 Shares owned by the Mr. Ding contemplated under the Transaction and the possibility of the Offer, they were not aware of any other matters which might have impact on the Share price. We believe that the surge in the closing prices of the Shares immediately after the release of the Joint Announcement was probably due to market reaction towards the Transaction.

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After the surge in the Share price on 19 April 2016, the Share price declined from HK\$0.135 per Share on 19 April 2016 to HK\$0.123 per Share on 22 April 2016 where the closing price of the Shares is in a range of the relatively high level of the closing price of the Shares as compared to those for the second half of 2015. Not only the Offer Price falls below the closing price of the Shares throughout the whole Review Period, but also represents a discount of 18.5% to the lowest closing price of the Shares during the Review Period.

Chart 2: Hang Seng Index during the Review Period



The Share price of the Company started to drop slowly from July 2015 to the Last Trading Day prior of the release of the Joint Announcement. As compared to the Chart 2 above, the Share price may have been affected by the generally downward trend of the Hang Seng Index (the “HSI”) as the HSI started to drop slowly from July 2015 to the end of March 2016. Until April 2016, trading in the Shares was suspended from 1 p.m. on 1 April 2016 to 5 April 2016 (both days inclusive) pending the publication of the Preliminary Announcement. Following the Preliminary Announcement, the Share price rose from HK\$0.104 on 1 April 2016 to HK\$0.124 on 6 April 2016 however after that, the Share price dropped to the relatively low level of HK\$0.110 on 12 April 2016 which the Share price may have been affected by the poor market sentiment in that moment as shown in Chart 2 above. The average closing price following the Joint Announcement and the closing price as at the Latest Practicable Date were HK\$0.121 and HK\$0.118 respectively, representing 61.3% and 57.3% premium over the Offer Price.

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4.3 Historical trading volume of the Shares

The following table sets out the historical monthly trading volume of the Shares and the percentage of the number of Shares traded compared to the total number of the Shares in issue during the Review Period.

Month/Period	Total trading volume of each month/ period	Average daily trading volume	Approximate % of average daily trading volume to the total number of issued Shares <i>(Note 2) (%)</i>	Number of trading days of the Shares in the relevant month (days)
2015				
April 16 to April 30	74,536,866	6,776,079	0.35%	11
May	162,943,062	8,575,951	0.45%	19
June	125,000,542	5,681,843	0.30%	22
July	95,562,804	4,343,764	0.23%	22
August	12,420,834	591,468	0.03%	21
September	16,074,920	803,746	0.04%	20
October	17,519,800	875,990	0.05%	20
November	9,800,807	466,705	0.02%	21
December	8,132,200	369,645	0.02%	22
2016				
January	13,368,948	668,447	0.03%	20
February	4,193,225	232,957	0.01%	18
March	3,703,636	176,364	0.01%	21
April <i>(note 1)</i>	22,071,884	1,161,678	0.06%	19
May (up to and including the Latest Practicable Date)	1,048,275	95,298	0.005	11

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) The trading of the Shares was suspended from 1:00 pm on 1 April 2016 to 5 April 2016 pending for the release of the Preliminary Announcement.
- (2) Calculated based on the 1,914,997,244 Shares in issue as at the Latest Practicable Date.

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As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 176,364 Shares to approximately 8,575,951 Shares, representing approximately 0.01% to approximately 0.45% of the total number of the Shares in issue as at the Latest Practicable Date.

The historical daily trading volume of the Shares is relatively thin and even after the publication of the Preliminary Announcement and Joint Announcement, the daily trading volume of the Shares have still remained low. The average daily trading volumes for the Pre Joint Announcement Period and the Post Joint Announcement Period were 2,282,662 Shares and 796,695 Shares, respectively. Although the trading volume of the Shares tended to be active during the Offer Period, the sustainability of the recent growth of the trading volume of the Shares after the Offer Period is uncertain.

Given that the trading volume of the Shares has been very thin during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

4.4 Comparable Analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have set below our analysis on the price-to-earnings ratio (the “**P/E Ratios**”) and the price-to-book ratio (the “**P/B Ratios**”) of the Company based on the Offer Price.

Based on the Offer Price of HK\$0.075 per Offer Share and the total number of issued Shares of 1,914,997,244 as at the Latest Practicable Date, the Company is valued at approximately HK\$143,624,793. The P/B Ratio of the Company implied by the Offer Price is approximately 0.17 times (the “**Implied P/B Ratio**”) based on the equity attributable to equity Shareholders of the Company of approximately HK\$835,773,000 as at 30 September 2015. On the other hand, the P/E Ratio of the Company implied by the Offer Price is approximately 5.62

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times (the “**Implied P/E Ratio**”) based on the net profit attributable to equity holders of the Company of approximately HK\$25,553,000 for the year ended 31 March 2015.

We have attempted to identify the comparable companies which are (i) listed on the Stock Exchange; (ii) principally engaged in same or similar majority business as the Group i.e. trading of SMT assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment; and (iii) with comparable scale of size with the Group. Based on our selection criteria, no comparable company can be identified. In this regard, we have extended the selection criteria of the comparable companies to those which are principally engaged in trading of electronic manufacturing equipment, machinery and spare parts, which are similar to the principal businesses of the Group, and five comparable companies (the “**Comparables**”) are identified, based on our research on the website of the Stock Exchange and Bloomberg in accordance with the above criteria which we consider to be exhaustive. Details of our analysis are listed below:

Stock Code	Company Name	Company Business	Market Capitalisation: (HK\$) <i>(Note 4)</i>	Net profit attributable to equity holders of the Company (HK\$)	Net assets attributable to equity holders of the Company (HK\$)	PB Ratio <i>(Note 3)</i>	PE Ratio
365	Sun East Technology (Holdings) Ltd.	Design, manufacture and distribution of production lines and production equipment, and the distribution of brand name production equipment	887,250,000	2,535,000	336,423,000	2.64	350.0 <i>(Note 1)</i>
387	Leeport (Holdings) Ltd.	Trading, installation and provision of after-sales services of metalworking machinery, measuring instruments, cutting tools and electronic equipment.	286,302,799	21,458,000	359,279,000	0.80	13.34

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Stock Code	Company Name	Company Business	Market Capitalisation: (HK\$) (Note 4)	Net profit attributable to equity holders of the Company (HK\$)	Net assets attributable to equity holders of the Company (HK\$)	PB Ratio (Note 3)	PE Ratio
532	Wong's Kong King International (Holdings) Ltd.	Trading and distribution of chemicals, materials and equipment used in the manufacture of printed circuit boards and electronic products and the manufacture of electrical and electronic products for OEM customers.	511,520,456	47,037,000	1,490,998,000	0.34	10.87
591	China High Precision Automation Group Ltd. (Note 2)	Manufacture and sales of high precision industrial automation instrument and technology products as well as horological instruments.	N/A	N/A	2,145,441,000	N/A	N/A
679	Asia Tele-Net And Technology Corporation Ltd.	Design, manufacturing and sale of custom-built electroplating equipment, sale of spare parts of electroplating machinery and provision of repairs and maintenance services.	311,318,282	29,013,000	299,246,000	1.04	10.73
		Maximum				2.64	13.34
		Minimum				0.34	10.73
		Average				1.20	11.65
		The Offer	143,624,793	25,553,000	835,773,000	0.17	5.62

Notes:

- (1) P/E Ratio of Sun East Technology (Holdings) Ltd has been taken out as 350.0 is a very extreme and abnormal industry peer with comparable size of market capitalisation from our original findings.
- (2) N/A means not applicable as trading of shares of the relevant company has been suspended since 22 August 2012.
- (3) The P/B ratios of the Comparables are calculated based on the market capitalisation of the respective Comparables as at the Latest Practicable Date divided by the net assets attributable to equity holders of the respective Comparables as extracted from their respective latest published annual or interim results.
- (4) The market capitalisation of the Company is calculated based on the Offer Price of HK\$0.075 per Share to facilitate our comparison of the P/B of the Company as represented by the Offer Price to the P/B Ratios of the Comparables.

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As illustrated in the table above, the P/B Ratios of the Comparables ranged from approximately 0.34 times to approximately 2.64 times, with an average of approximately 1.20 times. The Implied P/B Ratio of approximately 0.17 times is significantly lower than the average of the P/B Ratios of the Comparables and is not within the P/B Ratios range of the Comparables. The P/E Ratios of the Comparables ranged from approximately 10.73 times to approximately 13.34 times, with an average of approximately 11.65 times. The Implied P/E Ratio of approximately 5.62 times is also lower than the average of the P/E Ratios of the Comparables and is not within the P/E Ratios range of the Comparables.

5. Background and intention of the Offeror

Background of the Offeror

As stated in the paragraph headed “Information of the Offeror” in the “Letter from GF Securities” contained in the Composite Document, the Offeror also known as Ms. Lu, is the chief representative of the Shanghai branch of North Asia Strategic (HK) Limited, which is a wholly-owned subsidiary of the Company. Ms. Lu commenced her employment with the Shanghai branch of North Asia Strategic (HK) Limited at her current position on 22 September 2014. Ms. Lu is also a director of North Asia Financial Leasing (Shanghai) Co., Ltd., which is a wholly-owned subsidiary of the Company. Ms. Lu commenced her directorship with North Asia Financial Leasing (Shanghai) Co., Ltd. on 20 November 2014.

Immediately prior to Completion, the Offeror and parties acting in concert with her held 569,058,296 Shares, representing approximately 29.72% of the total number of Shares in issue and the Convertible Bonds which can be convertible into 240,000,000 Shares at the initial conversion price of HK\$0.25 per Share (subject to adjustment). Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with her are interested in an aggregate of 969,058,296 Shares, representing approximately 50.60% of the total number of Shares in issue and the Convertible Bonds. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares not already owned and/or agreed to be acquired by her and/or parties acting in concert with her.

As mentioned in AR 2015, the Company is seeking to fulfil growing demand in various markets for the mobile device market as well as internet related products segment. It is expected that the demand for the hi-tech products as well as mobile

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internet devices had benefitted many China manufacturers which has driven more investment from PRC manufactures. Besides, the Company businesses are benefited from the PRC government strategies such as “Smart Manufacturing 2025” and “Internet + action” which will further support the future growth of the manufacturing industry of electronic products in the PRC, hence it is anticipated that there will be more customer orders for SMT equipment across the electronics manufacturing sector, such as the increase in the orders from the mobile and internet device manufacturers in the PRC. The Directors are confident that the Group is well positioned for future growth.

Given the outlook of the Group is with good prospects and the Offeror intends to continue with its existing principal activities after the Closing Date and will maintain the listing status of the Company, the Independent Shareholders can enjoy the potential growth of the Group if they do not accept the Offer.

Intention of the Offeror

As stated in the paragraph headed “Intentions of the Offeror in relation to the Company” in the “Letter from GF Securities” contained in the Composite Document, upon Completion the Offeror intends to continue with its existing principal activities after the Closing Date and will maintain the listing status of the Company. The Offeror also intends that there will be no change in the management of the Group nor any significant changes in the employees of the Company. However, the Offeror may conduct a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position. If the Offeror does conduct a detailed review of the business activities and assets of the Group and subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/ or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

Proposed Change to the Board

The board of directors of the Company is currently made up of five Directors, comprising two executive Directors, namely Ms. Zhang Yifan and Mr. Pierre Tsui Kwong Ming and three independent non-executive Directors, namely Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King.

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In addition, as stated in the paragraph headed “Proposed change to the Board composition of the Company” in the “Letter from GF Securities” contained in the Composite Document, the Offeror at the present time does not have any intention to nominate new Directors to the Board but may do so in the future. If the Offeror in the future wishes to nominate new Directors to the Board, it shall be with the effect from the earliest time permitted under the Takeovers Code. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when there are changes in the composition of the Board.

6. Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

Each of the Offeror and any new director to be appointed to the Board will undertake jointly and severally to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Offer, in particular that:

- (a) during the whole Review Period, the Offer Price has been below the closing prices of the Shares;
- (b) the Offer Price represents a discount ranging from 26.47% to 34.21% to the average closing price of the Shares over periods based on 5, 10, 30 consecutive trading days immediately prior to and including the Last Trading Day;

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- (c) the Offer Price represents a discount of 82.8% to the unaudited consolidated net assets per Share of HK\$0.436 as at 30 September 2015 (being the date to which the latest unaudited consolidated interim results of the Group were made up);
- (d) the Offer Price values the Company less favourably when compared with the Comparables in terms of the P/E Ratios and the P/B Ratios that either the Implied P/E Ratio or the Implied P/B Ratio is out of the range and below the average of the Comparables;
- (e) the main business of the Company is expected to enjoy the growing interest and investment made by traditional mobile phone manufacturers in the area of electronic wearables and smart devices with the advocacy of the Chinese government in the “Smart Manufacturing 2025” based on the trading of hi-tech equipment distribution of SMT assembly equipment, machinery and spare parts, the provision of related installation, training, repair and maintenance services for SMT assembly equipment; and
- (f) the solid background and experience of the management in the trading of hi-tech SMT equipment industry with close partnership and collaboration with key business partner such as Fuji will enhance the competitive strength of the Group amongst its existing rivals,

we consider the terms of the Offer are not attractive to the Independent Shareholders and therefore in this sense not fair and reasonable so far as the Independent Shareholders are concerned and advise the Independent Board Committee to recommend the Independent Shareholders do not accept the Offer.

Nevertheless, given that the trading volume of the Shares has been very thin during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. In spite of the release of the Preliminary Announcement and the Joint Announcement in April 2016, the average daily trading volume to the total number of issued Shares still remains at a relatively low level of 0.06%. We are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

The Independent Shareholders should note that the Offer permits the Independent Shareholders to sell a higher proportion of any large holding of Shares held by them in a single trade than may normally be possible given the average daily trading volumes in

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Shares at a discount to the market price prevailing before the Offer was made and as at the Latest Practicable Date, and to do so without having to incur brokerage fees, transaction levies and trading fees which are customarily payable when disposing of the Shares in the market.

The Independent Shareholders who wish to realize their investment in the Group are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Yours faithfully,
For and on behalf of
Veda Capital Limited

Julisa Fong
Managing Director

Note:

Ms. Julisa Fong is a responsible officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 19 years of experience in investment banking and corporate finance.

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the relevant accompanying Form of Acceptance in accordance with the instructions printed thereon, of which the instructions form part of the terms of the Offer.

1.1 The Offer

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong marked "North Asia Strategic Holdings Limited — Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "North Asia Strategic Holdings Limited — Offer" the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “North Asia Strategic Holdings Limited — Offer” the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “North Asia Strategic Holdings Limited — Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or GF Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked “North Asia Strategic Holdings Limited — Offer” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (e) Acceptance of the Offer will be treated as valid only if the completed and signed Form of Acceptance is received by the Registrar on or before the latest time for the acceptance of the Offer and the Registrar has recorded that the Form of Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) inserted in the Form of Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Offer. If no number is inserted or a number inserted is greater or smaller than your registered holding of Share(s) or those physical Share(s) tendered for acceptance of the Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
 - (iv) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (f) Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. SETTLEMENT UNDER THE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar on or before 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Shareholders who accept the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer have previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.
- (b) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the relevant Offer before the Offer is closed. If, in the course of the Offer,

the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of her decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:
 - (i) the total number of Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with her before the Offer Period; and
 - (iii) the total number of Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with her.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with her has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and satisfy the acceptance conditions set out in paragraph 1 of this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

7. OVERSEAS HOLDERS

The Offer is made in respect of securities of a company incorporated in Bermuda and is subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions. The Offeror intends to make the Offer available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer to persons not resident in Hong Kong and the ability of Shareholders outside Hong Kong to participate in the Offer will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offer to the Overseas Holders may be affected by the laws of the relevant jurisdictions. The Overseas Holders should observe any applicable legal or regulatory requirements. The Overseas Holders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Holders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Holders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Holders payable in respect of all relevant jurisdictions. Acceptance of the Offer by the Overseas Holders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. None of the Offeror, parties acting in concert with her, the Company, GF Securities, GF Capital, Veda Capital, the Registrar, their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (i) All communications, notices, Form of Acceptance, share certificates, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, the Company, GF Securities, GF Capital, Veda Capital, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Offer accepts any liabilities for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.
- (ii) The provisions set out in the accompanying Form of Acceptance form part of the terms and conditions of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (iv) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Form of Acceptance will constitute an authority to the Offeror, GF Securities, or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as she may direct the Shares in respect of which such person or persons has accepted the Offer.
- (vi) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

- (vii) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

- (viii) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or GF Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

- (ix) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, GF Securities, GF Capital or Veda Capital or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

- (x) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 March 2015 and for the six months ended 30 September 2015 as extracted from the relevant annual and interim reports of the Company.

No qualified opinion was given by the auditor of the Company, Ernst & Young, in respect of the Group's audited consolidated financial statements for each of the three years ended 31 March 2015.

The Group had no exceptional items because of size, nature or incidence for each of the three years ended 31 March 2015 and for the six months ended 30 September 2015.

	For the six months ended	For the year ended 31 March		
	30-Sep-15 (Unaudited) <i>HK\$'000</i>	2015 (Audited) <i>HK\$'000</i>	2014 (Audited) <i>HK\$'000</i>	2013 (Audited) <i>HK\$'000</i>
Revenue	728,095	1,293,924	907,690	733,955
Profit/(loss) before tax	(244,371)	39,733	12,988	(33,936)
Income tax expenses	(5,856)	(14,180)	(3,282)	(4,111)
Profit/(loss) for the period/year from continuing operations	(250,227)	25,553	9,706	(38,047)
Profit/(loss) for the period/year from a discontinued operations	—	—	37,444	4,556
Profit/(loss) attributable to the Shareholders of the Company	(250,227)	25,553	47,150	(33,491)
Dividend	—	20,995	—	269,188
Earnings/(loss) per Share (<i>HK cents</i>)				
Basic	(13.23)	1.69	3.50	(2.49)
Dividend per Share (<i>HK cents</i>)	—	1.3	—	20

A. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is the full text of the audited consolidated financial statements of the Group for the year ended 31 March 2015 extracted from the annual report of the Company for the year ended 31 March 2015:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31st March 2015

	<i>Notes</i>	2015 <i>HK\$ '000</i>	2014 <i>HK\$ '000</i>
Continuing operations			
Revenue	5	1,293,924	907,690
Cost of sales		<u>(1,116,189)</u>	<u>(777,437)</u>
Gross profit		177,735	130,253
Other income and gains, net	6	10,167	1,500
Selling and distribution expenses		(87,117)	(66,785)
General and administrative expenses		(80,626)	(77,805)
Gain on disposal of joint ventures		<u>—</u>	<u>23,835</u>
Operating profit		20,159	10,998
Fair value gain on derivative component of convertible bond	26	13,838	—
Finance income	9	6,956	5,592
Finance costs	9	(1,220)	(130)
Share of profits and losses of joint ventures		<u>—</u>	<u>(3,472)</u>
Profit before income tax	7	39,733	12,988
Income tax expense	10	<u>(14,180)</u>	<u>(3,282)</u>
Profit for the year from continuing operations		25,553	9,706
Discontinued operation			
Profit for the year from a discontinued operation	12	<u>—</u>	<u>37,444</u>
PROFIT FOR THE YEAR	11	<u><u>25,553</u></u>	<u><u>47,150</u></u>

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit per share attributable to ordinary shareholders of the Company	<i>14</i>		
Basic			
— For profit for the year (<i>HK cents</i>)		<u>1.69</u>	<u>3.50</u>
— For profit for the year from continuing operations (<i>HK cents</i>)		<u>1.69</u>	<u>0.72</u>
Diluted			
— For profit for the year (<i>HK cents</i>)		<u>0.75</u>	<u>3.50</u>
— For profit for the year from continuing operations (<i>HK cents</i>)		<u>0.75</u>	<u>0.72</u>

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31st March 2015

	<i>Notes</i>	2015 <i>HK\$ '000</i>	2014 <i>HK\$ '000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>15</i>	8,468	6,373
Intangible assets	<i>16</i>	617,285	373,692
Notes receivable	<i>19</i>	—	45,583
Other non-current assets	<i>20</i>	2,441	1,710
		<u>628,194</u>	<u>427,358</u>
Current assets			
Inventories	<i>21</i>	2,416	2,120
Notes receivable	<i>19</i>	47,018	46,644
Trade and other receivables	<i>22</i>	272,409	66,663
Cash and cash equivalents	<i>23</i>	486,995	572,500
		<u>808,838</u>	<u>687,927</u>
Total assets		<u><u>1,437,032</u></u>	<u><u>1,115,285</u></u>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	<i>24</i>	16,150	13,459
Reserves	<i>25</i>	1,040,195	979,073
Total equity		<u><u>1,056,345</u></u>	<u><u>992,532</u></u>

	<i>Notes</i>	2015 <i>HK\$ '000</i>	2014 <i>HK\$ '000</i>
LIABILITIES			
Current liabilities			
Derivative component of convertible bond	26	2,468	—
Borrowings	28	17,039	2,600
Trade and other payables	29	271,259	114,224
Income tax liabilities		32,254	5,093
		<u>323,020</u>	<u>121,917</u>
Non-current liabilities			
Liability component of convertible bond	26	56,881	—
Deferred tax liabilities	30	401	438
Other non-current liabilities		385	398
		<u>57,667</u>	<u>836</u>
Total liabilities		<u><u>380,687</u></u>	<u><u>122,753</u></u>
Total equity and liabilities		<u><u>1,437,032</u></u>	<u><u>1,115,285</u></u>
Net current assets		<u><u>485,818</u></u>	<u><u>566,010</u></u>
Total assets less current liabilities		<u><u>1,114,012</u></u>	<u><u>993,368</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2015

	Attributable to shareholders of the Company		
	Share capital HK\$'000	Reserves HK\$'000 (note 25)	Total HK\$'000
Balances at 1st April 2013	13,459	960,188	973,647
Comprehensive income			
Profit for the year	—	47,150	47,150
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	270	270
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	209	209
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the disposal of joint ventures	—	(32,289)	(32,289)
Share of other comprehensive income of joint ventures	—	3,545	3,545
Total other comprehensive income	—	(28,265)	(28,265)
Total comprehensive income for the year	—	18,885	18,885
Balances as at 31st March 2014	13,459	979,073	992,532

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31st March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cash flows from operating activities			
Net cash flows generated from/ (used in) operations	<i>31</i>	5,032	(21,359)
Interest paid		(486)	(130)
Mainland China corporate income tax paid		(241)	(459)
Hong Kong profits tax paid		(511)	—
		<u>3,794</u>	<u>(21,948)</u>
Net cash flows from/(used in) operating activities		<u>3,794</u>	<u>(21,948)</u>
Cash flows from investing activities			
Additions of property, plant and equipment		(5,245)	(5,015)
Proceeds from disposals of property, plant and equipment		78	3,160
Proceeds from disposal of a discontinued operation	<i>12</i>	—	10,769
Proceeds from disposal of joint ventures	<i>18</i>	—	38,419
Interest received		3,831	3,888
Acquisition of subsidiaries	<i>27</i>	(129,680)	—
Receipts upon maturity of notes receivable		47,269	—
		<u>(83,747)</u>	<u>51,221</u>
Net cash flows from/(used in) investing activities		<u>(83,747)</u>	<u>51,221</u>
Cash flows from financing activities			
Special dividend paid	<i>13</i>	(20,995)	—
New bank loans		166,142	67,191
Repayment of bank loans		(150,638)	(80,734)
		<u>(5,491)</u>	<u>(13,543)</u>
Net cash flows used in financing activities		<u>(5,491)</u>	<u>(13,543)</u>

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase/(decrease) in cash and cash equivalents		(85,444)	15,730
Cash and cash equivalents at beginning of year		572,500	556,251
Effect of foreign exchange rate changes, net		<u>(61)</u>	<u>519</u>
Cash and cash equivalents at end of year		<u>486,995</u>	<u>572,500</u>
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand	23	267,407	174,031
Non-pledged time deposits with original maturity of three months or less when acquired		<u>219,588</u>	<u>398,469</u>
Cash and cash equivalents as stated in the consolidated statement of financial position		<u>486,995</u>	<u>572,500</u>

STATEMENT OF FINANCIAL POSITION

31st March 2015

	<i>Notes</i>	2015 <i>HK\$ '000</i>	2014 <i>HK\$ '000</i>
ASSETS			
Non-current assets			
Interests in subsidiaries	17	923,054	622,788
		923,054	622,788
Current assets			
Other receivables	22	345	132
Amount due from a subsidiary	36(c)	1,120	1,120
Cash and cash equivalents	23	183,933	410,071
		185,398	411,323
Total assets		1,108,452	1,034,111
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	24	16,150	13,459
Reserves	25	942,882	930,325
Total equity		959,032	943,784

		2015	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Current liabilities			
Derivative component of convertible bond	26	2,468	—
Other payables	29	890	1,107
Amount due to a subsidiary	36(c)	<u>89,181</u>	<u>89,220</u>
		<u>92,539</u>	<u>90,327</u>
Non-current liabilities			
Liability component of convertible bond	26	<u>56,881</u>	<u>—</u>
		<u>56,881</u>	<u>—</u>
Total liabilities		<u><u>149,420</u></u>	<u><u>90,327</u></u>
Total equity and liabilities		<u><u>1,108,452</u></u>	<u><u>1,034,111</u></u>
Net current assets		<u><u>92,859</u></u>	<u><u>320,996</u></u>
Total assets less current liabilities		<u><u>1,015,913</u></u>	<u><u>943,784</u></u>

NOTES TO FINANCIAL STATEMENTS

*31st March 2015***1. General information**

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

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repairs and maintenance services for SMT assembly equipment;
- **mining consulting:** provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects; and
- investment holding.

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

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

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

These financial statements have been approved for issue by the Company’s board of directors on 11th June 2015.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

2.2 Changes in accounting policies and disclosures

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedging Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1st July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group.
- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contribution</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1st July 2014

² Effective for annual periods beginning on or after 1st January 2016

³ Effective for annual periods beginning on or after 1st January 2017

⁴ Effective for annual periods beginning on or after 1st January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1st April 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1st April 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1st April 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1st April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31st March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the statement of profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangement; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's interests in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in the statement of profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for noncontrolling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the statement of profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31st March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation disposed of and the portion of the cash-generating unit retained.

2.5 Fair value measurement

The Group measures its derivatives component of convertible bond at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.6 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years.

2.7 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over, the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors who make strategic decisions.

2.9 Foreign currency translation**(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within "finance income or costs". All other foreign exchange gains and losses are presented in the statement of profit or loss within "other income and gains" and "general and administrative expenses", respectively.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of profit or loss as part of the fair value gain or loss.

(c) Group's entities

The results and financial position of all the entities within the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities in the statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange difference arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over joint ventures that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the statement of profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in the statement of profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the statement of profit or loss.

2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to write off their costs to their residual values over their estimated useful lives as follows:

Leasehold improvements	2 to 10 years
Furniture, and fixtures and office equipment	3 to 10 years
Motor vehicles	3 to 6 years
Plant and machinery and demonstration machinery	3 years

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the statement of profit or loss.

2.11 Intangible assets (other than goodwill)

Customer relationships and distribution agreements are shown at historical cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The Group's intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of distribution agreements and customer relationships is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

Customer relationships	3 to 4 years
Distribution agreements	3 years

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Investments and other financial assets

2.13.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include trade and other receivables, notes receivable, rental and other deposits and cash and cash equivalents.

2.13.2 Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

2.14 Derecognition of financial assets

A financial asset (or, where applicable, a part of financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.15 Impairment of financial assets

The Group assesses at the end of each of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.15.1 *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

2.16 Financial liabilities

2.16.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings. Trade and other payables are repayable upon receipt of invoices and credit terms granted by suppliers are up to 90 days.

2.16.2 Subsequent measurement

Loans and borrowings

After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bond

The component of convertible bond that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bond, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible bond exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bond is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bond based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

2.16.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.17 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.18 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits which are not restricted as to use.

2.19 Share capital

Ordinary shares and non-redeemable preference shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Ordinary shares and non-redeemable preference shares are classified as equity.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facilities to which they relate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.22 Employee benefits

(a) *Employee leave entitlement*

Employee entitlement to annual leave is recognised when it accrues to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlement to sick leave and maternity leave is not recognised until the time of leave.

(b) *Pension obligations*

The Group participates in defined contribution plans. A defined contribution plan is a pension plan under which the Group pays contributions to state/trustee-administered funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due.

(c) *Bonus plans*

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised on the following bases:

(a) Sales revenue

Revenue from the sale of goods is recognised when a group entity has delivered products to the customer, and the customer has accepted the products and collectability of the related receivables is reasonably assured or when significant risks and rewards of ownership of goods have been passed to the buyer.

(b) Commission, service and management fee income

Commission, service and management fee income is recognised when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be provided.

(c) Consulting fee income

Consulting fee income is recognised when services are rendered.

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

Advance payments received from customers prior to the delivery of goods and the provision of services is recorded as receipts in advance.

2.25 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss on the straight-line basis over the period of the leases.

2.26 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the statement of profit or loss in the period in which they are incurred.

2.27 Financial guarantees

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at the end of each reporting period by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the statement of profit or loss immediately.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department of the Company under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong, Mainland China and other Asia regions and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollars (the "US dollar"), Japanese Yen, and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require entities within the Group to manage their foreign exchange risk against their functional currencies. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Hong Kong dollar is pegged to the US dollar at a range of rates between 7.75 and 7.85, and therefore the foreign exchange exposure between the US dollar and the Hong Kong dollar is limited.

At 31st March 2015, if Japanese Yen had weakened/strengthened by 20% against the Hong Kong dollar with all other variables held constant, profit for the year would have been HK\$4,450,000 higher/lower (2014: HK\$126,000 lower/higher), mainly as a result of foreign exchange gains (2014: losses) on translation of Japanese Yen denominated trade payables and trade receivables.

At 31st March 2015, if RMB had weakened/strengthened by 20% against the Hong Kong dollar with all other variables held constant, profit for the year would have been HK\$1,401,000 lower/higher (2014: HK\$1,001,000), mainly as a result of foreign exchange losses on translation of RMB denominated trade receivables and trade payables.

(ii) *Cash flow and fair value interest rate risk*

As the Group has no significant interest-bearing assets except for cash and cash equivalents, the income and operating cash flows are substantially independent of changes in market interest rates.

The cash and cash equivalents bear interest at floating rates and expose the Group to cash flow interest rate risk.

The interest rate risk from financial liabilities arises from borrowings. Borrowings that are subject to variable rates expose the Group to cash flow interest rate risk.

At 31st March 2015, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been HK\$170,000 lower/higher (2014: HK\$26,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) *Credit risk*

Credit risk arises from cash and cash equivalents, notes receivable, trade receivables and certain other receivables.

The Group has policies in place to ensure that sales are made to customers with an appropriate financial strength and an appropriate percentage of down payment. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group regularly reviews the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spreading over a number of counterparties and customers.

The carrying amount of the receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets. The credit risk for bank deposits and bank balances is considered by the Group to be minimal as the bank balances are deposited with creditworthy banks with no recent history of default.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by counterparties. The Group does not hold any collateral as security.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

The table below analyses the Group's financial liabilities by maturity based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than 1 year HK\$ '000	1 to 5 years HK\$ '000	Total HK\$ '000
At 31st March 2015			
Borrowings	17,039	—	17,039
Trade and other payables	271,259	—	271,259
Convertible bond	—	60,000	60,000
	<u>288,298</u>	<u>60,000</u>	<u>348,298</u>
At 31st March 2014			
Borrowings	2,600	—	2,600
Trade and other payables	114,224	—	114,224
	<u>116,824</u>	<u>—</u>	<u>116,824</u>

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 31st March 2015, the Group's strategy, which was unchanged from last year, was to maintain a net cash position. The net cash positions at 31st March 2015 and 31st March 2014 were analysed as follows:

	2015 HK\$ '000	2014 HK\$ '000
Cash and cash equivalents (<i>note 23</i>)	486,995	572,500
<i>Less: Borrowings (note 28)</i>	<u>(17,039)</u>	<u>(2,600)</u>
Net cash	<u>469,956</u>	<u>569,900</u>

3.3 Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximate to their fair values, are as follows:

Group and Company

	Carrying amounts		Fair values	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities				
Liability component of convertible bond	56,881	—	57,557	—
Derivative component of convertible bond	2,468	—	2,468	—
	<u>59,349</u>	<u>—</u>	<u>60,025</u>	<u>—</u>

Management has assessed that the fair values of cash and cash equivalents, borrowings, trade and other receivables, trade and other payables, and notes receivable approximate to their carrying amounts largely due to short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee four times a year for quarterly, interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of notes receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of notes receivable approximate to their fair values.

The fair value of the derivative component of convertible bond is the difference between the fair value of convertible bond and the fair value of the liability component of convertible bond, i.e., present value of the liability component of convertible bond. As at 31st March 2015, the fair value of convertible bond has been estimated using a valuation technique for which the input which has a significant effect on the recorded fair value is not based on observable market data. The Group's derivative component of convertible bond is categorised in Level 3 of the fair value measurement as at 31st March 2015.

Below is a summary of significant unobservable inputs to the valuation of the derivative component of the convertible bond:

	Valuation technique	Significant unobservable input	%	Sensitivity of the input to fair value
Convertible bond	Trinomial option pricing model	Risky discount rate	1.75	0.5% increase/(decrease) in discount rate would result in decrease/(increase) in fair value by HK\$63,000

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the statements of financial position, and the related changes in fair values, which are recorded in the statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

The Group and the Company did not have any financial assets measured at fair value as at 31st March 2015 and 2014.

Liabilities measured at fair value:

Group and Company

As at 31st March 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in markets (Level 1) HK\$'000	Significant observable input (Level 2) HK\$'000	Significant unobservable input (Level 3) HK\$'000	
Derivative component of convertible bond	—	—	2,468	2,468

The Group and the Company did not have any financial liabilities measured at fair value as at 31st March 2014.

The movements in fair value measurements in Level 3 during the year are as follows:

	Group and Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Derivative components of convertible bond:		
At beginning of year	—	—
Issue of convertible bond for a business combination	16,306	—
Fair value gain recognised in the statement of profit or loss	(13,838)	—
	<u>2,468</u>	<u>—</u>
At end of year	<u>2,468</u>	<u>—</u>

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom reflect the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, where it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

4.2 Goodwill impairment assessment

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policies stated in note 2.4 and note 2.6 to the financial statements. For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a cash-generating unit has been determined based on value in use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.

4.3 Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4.4 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less variable selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer demand and competitor actions. Management reassesses these estimates at the end of each reporting period.

4.5 Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors as well as the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at the end of each reporting period.

4.6 Presentation of convertible bond and fair values of convertible bond

As described in note 26 to the financial statements, the convertible bond of the Group are presented as the derivative component and liability component of the convertible bond in accordance with HKAS 39.

The fair values of derivative component of the convertible bond are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimation includes considerations of inputs such as adjustment factors to the risk-free rate, stock price, credit risk, dividend yield and volatility. Changes in assumptions about these factors could affect the reported fair values of convertible bond.

4.7 Income taxes

The Group is subject to income taxes mainly in Hong Kong, Mainland China, Kazakhstan and Indonesia. Significant judgement is required in determining the amount of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

5. Turnover, revenue and segment information

5.1 Turnover and revenue

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

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

5.2 Operating segment information

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

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

Segment assets consist primarily of property, plant and equipment, intangible assets, other non-current assets, inventories and trade and other receivables. Unallocated assets comprise pledged bank deposits, cash and cash equivalents, notes receivable and corporate and others.

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

Capital expenditure comprises additions to property, plant and equipment.

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

Group

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

Group

	Year ended 31st March 2014		
	Hi-tech distribution and services operation <i>HK\$ '000</i>	Fishmeal, fish oil and aquatic products operation (disposed of on 19th September 2013) <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Revenue			
— Sales to external customers	907,690	—	907,690
	<u>907,690</u>	<u>—</u>	<u>907,690</u>
Segment results	20,291	(3,472)	16,819
	<u>20,291</u>	<u>(3,472)</u>	<u>16,819</u>
Finance income			5,592
Finance costs			(130)
Corporate and other unallocated expenses			(9,293)
			<u>(9,293)</u>
Profit before income tax from continuing operations			12,988
Income tax expense			(3,282)
			<u>(3,282)</u>
Profit for the year from continuing operations			9,706
Profit for the year from a discontinued operation			37,444
			<u>37,444</u>
Profit for the year			<u>47,150</u>
Capital expenditure	2,766	—	2,766
Corporate and other unallocated capital expenditure			2,249
			<u>2,249</u>
			<u>5,015</u>
Depreciation	3,439	—	3,439
Corporate and other unallocated depreciation			1,812
			<u>1,812</u>
			<u>5,251</u>

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

Group

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

Group

	Hi-tech distribution and services operation	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31st March 2014		
ASSETS		
Segment assets	447,146	447,146
Unallocated assets:		
Notes receivable		92,227
Cash and cash equivalents		572,500
Corporate and others		<u>3,412</u>
Total assets per the consolidated statement of financial position		<u><u>1,115,285</u></u>
LIABILITIES		
Segment liabilities	113,463	113,463
Unallocated liabilities:		
Deferred tax liabilities		438
Income tax liabilities		5,093
Borrowings		2,600
Corporate and others		<u>1,159</u>
Total liabilities per the consolidated statement of financial position		<u><u>122,753</u></u>

*Geographical information**(a) Revenue from external customers*

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

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

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

(b) Non-current assets

The non-current asset information is based on the location of assets and excludes financial instruments.

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

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

Information about a major customer

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

6. Other income and gains, net

An analysis of the Group's other income and gains, net from continuing operations is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reimbursement on expenses from customers	8,272	—
Gain on disposal of property, plant and equipment, net	—	1,179
Gain on disposal of obsolete stocks	292	—
Gain on deconsolidation of a subsidiary	666	—
Reversal of impairment provision for trade and other receivables	—	62
Others	937	259
	<u>10,167</u>	<u>1,500</u>

7. Profit before income tax

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

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories sold		1,083,935	769,452
Cost of consulting services provided		18,337	—
Net foreign exchange losses		790	2,889
Depreciation of property, plant and equipment	15	4,254	5,251
Employment costs	8	75,857	72,455
Operating lease rental of rented premises		10,330	9,126
Loss/(gain) on disposal of property, plant and equipment, net		618	(1,179)
Auditors' remuneration		1,650	1,350
		<u>1,650</u>	<u>1,350</u>

8. Employment costs

An analysis of employment costs including the emoluments of the directors and chief executive and the five highest paid individuals, from continuing operations is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Directors' fees	1,613	1,480
Salaries, wages, allowances and bonuses	66,307	69,682
Discretionary bonus	2,229	750
Retirement benefits — defined contribution scheme	5,708	543
	<u>75,857</u>	<u>72,455</u>

- (a) The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the “MPF Scheme”), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group (the employer) and each of its employees make monthly contributions to the scheme at 5% of the employees’ relevant income as defined under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The monthly contribution of each of the employer and employees is subject to a cap of HK\$1,500 (2014: HK\$1,250) and any further contributions are voluntary.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-operated retirement plans for its employees in Mainland China. The employees contribute fixed percentages of their basic salaries as required by the local authorities while the Group contributes a further amount as required by the local authorities. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

(b) **Directors’ and chief executive’s emoluments**

The remuneration of directors and chief executive for the year ended 31st March 2015 is set out below:

	Fees	Salaries	Discretionary bonus	Employer’s contribution to retirement scheme	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Executive directors					
Mr. Ding Yi	240	4,200	1,050	18	5,508
Ms. Zhang Yifan ⁽ⁱ⁾	97	483	46	8	634
Non-executive directors					
Mr. James Tsiolis	280	—	—	—	280
Mr. Joseph Chan Nap Kee	240	—	—	—	240
Independent					
non-executive directors					
Mr. Stephen Luk Kai Ming ⁽ⁱⁱⁱ⁾	240	—	—	—	240
Mr. Kenneth Kon Hiu King	240	—	—	—	240
Mr. Joseph Liang Hsien Tse	240	—	—	—	240
Mr. Pierre Tsui Kwong Ming ⁽ⁱⁱ⁾	36	—	—	—	36
	<u>1,613</u>	<u>4,683</u>	<u>1,096</u>	<u>26</u>	<u>7,418</u>

The remuneration of directors and chief executive for the year ended 31st March 2014 is set out below:

	Fees <i>HK\$'000</i>	Salaries <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Employer's contribution to retirement scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive director					
Mr. Ding Yi	240	3,756	750	15	4,761
Non-executive directors					
Mr. James Tsiolis	280	—	—	—	280
Mr. Joseph Chan Nap Kee	240	—	—	—	240
Independent non-executive directors					
Mr. Stephen Luk Kai Ming ⁽ⁱⁱⁱ⁾	240	—	—	—	240
Mr. Kenneth Kon Hiu King	240	—	—	—	240
Mr. Joseph Liang Hsien Tse	240	—	—	—	240
	<u>1,480</u>	<u>3,756</u>	<u>750</u>	<u>15</u>	<u>6,001</u>

There was no other arrangement under which a director waived or agreed to waive any remuneration during the years ended 31st March 2015 and 2014.

- (i) Appointed on 6th November 2014
- (ii) Appointed on 6th February 2015
- (iii) Resigned on 10th April 2015

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include 1 (2014: 1) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the five highest paid individuals during the year are as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries, allowances and bonuses	13,026	11,559
Discretionary bonus	1,050	—
Employer's contributions to retirement schemes	<u>150</u>	<u>58</u>
	<u>14,226</u>	<u>11,617</u>

The emoluments of the five highest paid individuals fell within the following bands:

	2015 <i>Number of individuals</i>	2014 <i>Number of individuals</i>
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$4,500,001 to HK\$5,000,000	—	1
HK\$5,500,001 to HK\$6,000,000	1	—
	<u>5</u>	<u>5</u>

9. Finance income and costs

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

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Finance income:			
Interest income from bank deposits		3,831	3,888
Interest income from notes receivable		702	468
Interest in discounted amounts arising from the passage of time		1,358	875
Net foreign exchange gains on financing activities		<u>1,065</u>	<u>361</u>
		<u>6,956</u>	<u>5,592</u>
Finance costs:			
Interest on bank loans wholly repayable within five years		486	130
Interest on convertible bond redeemable within five years	26	<u>734</u>	<u>—</u>
		<u>1,220</u>	<u>130</u>

10. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

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

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

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax		
— current year	5,755	2,777
— overprovision in prior years	(54)	—
Mainland China enterprise income tax		
— current year	207	490
Overseas taxation		
— current year	8,272	—
Deferred taxation	—	15
	<u>14,180</u>	<u>3,282</u>

The amount of tax on the Group's profit before income tax from continuing operations differs from the theoretical amount that would arise using the weighted average tax rates applicable to the profit of the consolidated entities as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before income tax	<u>39,733</u>	<u>12,988</u>
Tax expense calculated at the average domestic tax rates applicable to profits in the respective jurisdictions	(10,247)	(2,620)
Tax effect of:		
— income not subject to tax	6,261	6,232
— expenses not deductible for tax	(5,004)	(3,467)
— profits and losses attributable to joint ventures	—	374
— overprovision in prior years	54	—
— tax losses not recognised	(5,244)	(3,896)
— others	—	95
Tax expense	<u>(14,180)</u>	<u>(3,282)</u>

For the year ended 31st March 2015, the weighted average applicable tax rate was 25.8% (2014: 20.2%). The change in the weighted average applicable tax rate is caused by a change in the profitability of the Group's subsidiaries in the respective jurisdictions.

For the year ended 31st March 2014, the share of tax attributable to joint ventures amounting to HK\$374,000 was included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

11. Profit attributable to shareholders of the Company

The consolidated profit attributable to shareholders of the Company for the year ended 31st March 2015 includes a loss of HK\$23,757,000 (2014: HK\$8,115,000) that has been dealt with in the financial statements of the Company.

12. Discontinued operation

On 29th August 2013, the Group entered into an agreement to dispose of its entire interests in Smart Tactic Limited and its subsidiaries ("Smart Tactic Group"). Smart Tactic Group engaged in branded food operation. Details are disclosed in the Company's announcement dated 29th August 2013. The disposal of Smart Tactic Group had been completed on 31st October 2013.

Upon the completion of the disposal of Smart Tactic Group on 31st October 2013, the results of Smart Tactic Group were no longer included in the Group's results.

The consolidated results of Smart Tactic Group up to the completion date of disposal are set out below:

	2014
	<i>HK\$'000</i>
Net assets disposed of:	
Rental and other deposits	5,719
Cash and cash equivalents	271
Trade and other receivables	5,148
Inventories	883
Trade and other payables	(22,387)
Provisions	(15,928)
	<u>(26,294)</u>
Transaction costs paid	4,560
Gain on disposal of a discontinued operation	<u>37,334</u>
	<u><u>15,600</u></u>
Satisfied by:	
Cash	<u><u>15,600</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a discontinued operation is as follows:

	2014
	<i>HK\$'000</i>
Cash consideration	15,600
Cash and cash equivalents	(271)
Transaction costs paid	<u>(4,560)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a discontinued operation	<u><u>10,769</u></u>

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

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

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

	2014
Profit attributable to ordinary shareholders of the parent from the discontinued operation (<i>HK\$</i>)	37,444,000
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculations (<i>note 14</i>)	<u><u>1,345,938,948</u></u>

The net cash flows incurred by Smart Tactic Group (up to date of disposal) are as follows:

	2014 <i>HK\$'000</i>
Operating activities	(5,845)
Investing activities	—
Financing activities	<u>3,433</u>
Net cash outflows	<u><u>(2,412)</u></u>

13. Dividends

On 6th November 2014, the Board declared a special dividend of HK\$0.013 per ordinary share, approximately HK\$20,995,000 in aggregate. This special dividend has been paid on 3rd December 2014.

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

14. Earnings per share

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

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

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

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

15. Property, plant and equipment

Group

	Leasehold improvements <i>HK\$ '000</i>	Furniture, fixtures and office equipment <i>HK\$ '000</i>	Motor vehicles <i>HK\$ '000</i>	Plant and machinery and demonstration machinery <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
31st March 2015					
At 1st April 2014:					
Cost	2,443	13,913	2,026	13,426	31,808
Accumulated depreciation and impairment	(1,171)	(11,691)	(1,544)	(11,029)	(25,435)
Net carrying amount	<u>1,272</u>	<u>2,222</u>	<u>482</u>	<u>2,397</u>	<u>6,373</u>
At 1st April 2014, net of accumulated depreciation and impairment					
Additions	1,654	1,148	—	2,443	5,245
Acquisition of subsidiaries (note 27)	—	1,807	—	—	1,807
Disposals	(247)	(44)	(25)	(380)	(696)
Depreciation (note 7)	(341)	(1,676)	(240)	(1,997)	(4,254)
Exchange realignment	—	(5)	(2)	—	(7)
At 31st March 2015, net of accumulated depreciation and impairment	<u>2,338</u>	<u>3,452</u>	<u>215</u>	<u>2,463</u>	<u>8,468</u>
At 31st March 2015:					
Cost	3,660	17,286	1,951	14,064	36,961
Accumulated depreciation and impairment	(1,322)	(13,834)	(1,736)	(11,601)	(28,493)
Net carrying amount	<u>2,338</u>	<u>3,452</u>	<u>215</u>	<u>2,463</u>	<u>8,468</u>

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Plant and machinery and demonstration machinery <i>HK\$'000</i>	Total <i>HK\$'000</i>
31st March 2014					
At 1st April 2013:					
Cost	38,606	23,254	1,205	30,026	93,091
Accumulated depreciation and impairment	<u>(37,869)</u>	<u>(20,329)</u>	<u>(418)</u>	<u>(25,858)</u>	<u>(84,474)</u>
Net carrying amount	<u>737</u>	<u>2,925</u>	<u>787</u>	<u>4,168</u>	<u>8,617</u>
At 1st April 2013, net of accumulated depreciation and impairment					
737	2,925	787	4,168	8,617	
Additions	950	890	990	2,185	5,015
Disposals	—	(11)	(39)	(1,931)	(1,981)
Depreciation (<i>note 7</i>)	(415)	(1,564)	(1,247)	(2,025)	(5,251)
Exchange realignment	—	(18)	(9)	—	(27)
At 31st March 2014, net of accumulated depreciation and impairment					
<u>1,272</u>	<u>2,222</u>	<u>482</u>	<u>2,397</u>	<u>6,373</u>	
At 31st March 2014:					
Cost	2,443	13,913	2,026	13,426	31,808
Accumulated depreciation and impairment	<u>(1,171)</u>	<u>(11,691)</u>	<u>(1,544)</u>	<u>(11,029)</u>	<u>(25,435)</u>
Net carrying amount	<u>1,272</u>	<u>2,222</u>	<u>482</u>	<u>2,397</u>	<u>6,373</u>

16. Intangible assets

Group

	Goodwill HK\$'000	Customer relationships HK\$'000	Distribution agreements HK\$'000		Total HK\$'000
31st March 2015					
At 1st April 2014:					
Cost	373,692	19,010	16,750		409,452
Accumulated amortisation and impairment	—	(19,010)	(16,750)		(35,760)
Net carrying amount	<u>373,692</u>	<u>—</u>	<u>—</u>		<u>373,692</u>
At 1st April 2014, net of accumulated amortisation and impairment	373,692	—	—		373,692
Acquisition of subsidiaries (note 27)	<u>243,593</u>	<u>—</u>	<u>—</u>		<u>243,593</u>
At 31st March 2015, net of accumulated amortisation and impairment	<u>617,285</u>	<u>—</u>	<u>—</u>		<u>617,285</u>
At 31st March 2015:					
Cost	617,285	19,010	16,750		653,045
Accumulated amortisation and impairment	—	(19,010)	(16,750)		(35,760)
Net carrying amount	<u>617,285</u>	<u>—</u>	<u>—</u>		<u>617,285</u>
	Goodwill HK\$'000	Customer relationships HK\$'000	Distribution agreements HK\$'000	Development rights and franchise fees HK\$'000	Total HK\$'000
31st March 2014					
At 1st April 2013:					
Cost	373,692	19,010	16,750	2,992	412,444
Accumulated amortisation and impairment	—	(19,010)	(16,750)	(2,992)	(38,752)
Net carrying amount	<u>373,692</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>373,692</u>
At 1st April 2013 and 31st March 2014, net of accumulated amortisation and impairment	<u>373,692</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>373,692</u>
At 31st March 2014:					
Cost	373,692	19,010	16,750	—	409,452
Accumulated amortisation and impairment	—	(19,010)	(16,750)	—	(35,760)
Net carrying amount	<u>373,692</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>373,692</u>

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:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hi-tech distribution and services operation	373,692	373,692
Mining consulting operation	243,593	—
	<u>617,285</u>	<u>373,692</u>

Hi-tech distribution and services operation cash-generating unit

The recoverable amount of the hi-tech distribution and services operation cash-generating unit has been determined based on a value in use calculation using pre-tax cash flow projections based on financial budgets covering a five-year period approved by senior management. The pre-tax discount rate applied to cash flow projections is 14.5% (2014: 14%). Due to uncertainties, no growth rate was used to extrapolate the cash flows of the hi-tech distribution and services operation cash-generating unit beyond the five-year period.

Assumptions were used in the value in use calculations of the hi-tech distribution and services operation cash-generating unit for the years ended 31st March 2015 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Distribution rights — The continuance of the distribution rights for the hi-tech distribution and services operation in the foreseeable future would not need any additional costs or investment.

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is based on past performance and management's expectations for market development.

Discount rates — The discount rates used are pre-tax and reflect specific risks relating to the relevant units.

Mining consulting operation cash-generating unit

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

Assumptions were used in the value in use calculations of the mining consulting operation cash-generating unit for the year ended 31st March 2015. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Business environment — There is no major change in the existing political, legal and economic conditions in the countries with which and the country in which the cash-generating units carried on their business.

Budgeted turnover — Budgeted turnover is based on expected growth rate at which the assessed entity operates, the expected market share, and management experience in the industry.

Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, adjusted for expected efficiency improvements and expected market development.

Discount rates — The discount rates used are pre-tax and reflect specific risks relating to the relevant units.

17. Interests in subsidiaries

In the Company's statement of financial position, details of interests in subsidiaries are as follows:

	Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	263,623	—
Amounts due from subsidiaries, included in non-current assets (<i>note 36(c)</i>)	<u>971,987</u>	<u>903,570</u>
Provision for impairment	1,235,610 <u>(312,556)</u>	903,570 <u>(280,782)</u>
	<u><u>923,054</u></u>	<u><u>622,788</u></u>

An impairment was recognised for balances due from subsidiaries with an aggregate carrying amount of HK\$312,556,000 (2014: HK\$280,782,000) which are considered to be not recoverable as the subsidiaries were loss-making.

In the opinion of the directors, the amounts due from subsidiaries as included in non-current assets are quasi-equity loans to the subsidiaries.

The following is a list of the principal subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group as at 31st March 2015. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name	Place of incorporation or establishment/ operation	Principal activities	Particulars of issued share capital/ registered capital	Percentage of equity interest held by the Group
American Tec Company Limited	Hong Kong	Trading of SMT equipment and investment holding	60,000,000 ordinary shares	100%
NAS American Tec (Suzhou) Co., Ltd. (ii)*	People's Republic of China ("PRC")/ Mainland China	Trading of electronic products, machinery and spare parts and provision of repair and installation services	US\$1,000,000	100%
North Asia Strategic (HK) Limited (i)	Hong Kong	Provision of management services and investment holding	1 ordinary share	100%
北亞美亞電子科技(深圳)有限公司 (ii)*	PRC/Mainland China	Trading of electronic products, machinery and spare parts and provision of repair and installation services	US\$1,000,000	100%
Dragon Mining Overseas Limited (i)	British Virgin Islands	Investment holding	US\$100	100%
Dragon Mining Consulting Limited	Hong Kong	Rendering of technical consultation services related to mining industry	1,000 ordinary shares	100%

Notes:

- (i) Shares of these companies are held directly by the Company. Shares of the other companies are held indirectly.
- (ii) These are wholly-foreign-owned enterprises established in the PRC to operate for up to 30 years until 2023 to 2039.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

18. Investments in joint ventures

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

	2014
	<i>HK\$’000</i>
Share of net assets of joint ventures disposed of:	137,757
Reclassification adjustment for exchange difference included in the consolidated statement of profit or loss	(32,289)
Transaction costs paid	8,381
Gain on disposal of joint ventures	<u>23,835</u>
	<u><u>137,684</u></u>
Satisfied by:	
Cash	46,800
Notes receivable	<u>90,884</u>
	<u><u>137,684</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of joint ventures is as follows:

	2014
	<i>HK\$’000</i>
Cash consideration	46,800
Transaction costs paid	<u>(8,381)</u>
Net inflow of cash and cash equivalents in respect of the disposal of joint ventures	<u><u>38,419</u></u>

The following table illustrates the summarised financial information of the Group's joint ventures:

Share of the joint ventures' results up to the date of disposal:

	2014 <i>HK\$'000</i>
Revenue	282,032
Expenses	<u>(285,109)</u>
Loss before income tax	(3,077)
Income tax expense	(374)
Non-controlling interests	<u>(21)</u>
Loss after tax	<u>(3,472)</u>
Other comprehensive income	<u>3,545</u>
Total comprehensive income for the year	<u><u>73</u></u>

19. Notes receivable

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Notes receivable	47,018	92,227
<i>Less:</i> Non-current portion	<u>—</u>	<u>45,583</u>
Current portion	<u><u>47,018</u></u>	<u><u>46,644</u></u>

The notes receivable of HK\$47,018,000 (2014: HK\$92,227,000) represented the consideration payable by Mr. Wong Chun, the purchaser, in relation to the Disposal.

The notes receivable is guaranteed by Coland and is secured by charged shares, being all present and future fully participating and voting shares which in any event represent 40% of the entire issued capital of Coland. The notes receivable bears interest at 1% per annum and repayable on the maturity dates falling on the first and second anniversaries of the notes receivable, i.e., 19th September 2014 and 19th September 2015, respectively. The notes receivable amounting to HK\$47,269,000 (2014: Nil) has been received during the year ended 31st March 2015.

20. Other non-current assets

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Rental and other deposits	<u><u>2,441</u></u>	<u><u>1,710</u></u>

21. Inventories

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finished goods	2,416	2,120

22. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills receivables (note (a))	235,465	64,550	—	—
Prepayments	12,220	1,063	218	—
Rental deposits — current portion	1,075	830	—	—
Other receivables	23,649	220	127	132
	<u>272,409</u>	<u>66,663</u>	<u>345</u>	<u>132</u>

(a) Trade and bills receivables

The Group's trading terms with its customers are mainly on letters of credit or documents against payment, and in some cases granting a credit period of 5 to 90 days, except for new customers, where payment in advance is normally required. An ageing analysis of trade and bills receivables, based on the invoice date and net of impairment, as at the end of the reporting period, is as follows:

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

As at 31st March 2015, trade receivables of HK\$1,096,000 (2014: HK\$16,030,000) were past due but not impaired, as they related to a number of independent customers for whom there was no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Over 6 months and up to 9 months	138	12,970
Over 9 months	958	3,060
	<u>1,096</u>	<u>16,030</u>

Movements of the impairment of trade receivables are as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	—	2,382
Impairment losses reversed	—	(62)
Amount written off as uncollectible	—	(2,320)
Exchange realignment	—	—
	<u>—</u>	<u>—</u>
At end of year	<u>—</u>	<u>—</u>

The creation or release of provision for impaired receivables has been included in the statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering the amounts any further.

The carrying amounts of the Group's trade and bills receivables are denominated in the following currencies:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	5,919	419
US dollar	109,567	18,057
RMB	9,578	6,190
Japanese Yen	110,393	39,635
Other currencies	8	249
	<u>235,465</u>	<u>64,550</u>

- (b) The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the trade and other receivables.

23. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at banks and on hand	267,407	174,031	4,601	11,846
Time deposits	219,588	398,469	179,332	398,225
Cash and cash equivalents	<u>486,995</u>	<u>572,500</u>	<u>183,933</u>	<u>410,071</u>

At 31st March 2015, the effective interest rate on short-term bank deposits was approximately 0.90% (2014: 0.83%) per annum. These deposits have an average maturity of 27 days (2014: 21 days).

Cash and cash equivalents were denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollar	275,541	433,493	181,643	408,163
US dollar	135,088	85,298	2,290	1,908
RMB	9,622	33,169	—	—
Japanese Yen	65,769	19,809	—	—
Other currencies	975	731	—	—
	<u>486,995</u>	<u>572,500</u>	<u>183,933</u>	<u>410,071</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK\$9,622,000 (2014: HK\$33,169,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. Share capital

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

Note:

During the year ended 31st March 2015, the Company had issued 269,058,296 consideration shares (“Consideration Shares”) of HK\$0.01 par value at a price of HK\$0.223 each for the partial settlement of the Acquisition (as defined in note 27), resulting in the increase of share capital and share premium by HK\$2,691,000 and HK\$57,309,000, respectively.

25. Reserves

Group

	Share premium	Contributed surplus	Cumulative translation adjustments <i>(note)</i>	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balances at 1st April 2013	—	1,092,185	30,109	(162,106)	960,188
Profit for the year	—	—	—	47,150	47,150
Currency translation differences of foreign operations	—	—	270	—	270
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	—	209	—	209
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the disposal of joint ventures	—	—	(32,289)	—	(32,289)
Share of other comprehensive income of joint ventures	—	—	3,545	—	3,545
Total comprehensive income for the year	—	—	(28,265)	47,150	18,885
Balances at 31st March 2014 and at 1st April 2014	—	1,092,185	1,844	(114,956)	979,073
Profit for the year	—	—	—	25,553	25,553
Currency translation differences of foreign operations	—	—	(79)	—	(79)
Reclassification adjustment for exchange differences included in the consolidated statement of profit or loss upon the deconsolidation of a subsidiary	—	—	(666)	—	(666)
Total comprehensive income for the year	—	—	(745)	25,553	24,808
Issue of Consideration Shares for a business combination <i>(note 24)</i>	57,309	—	—	—	57,309
Special dividend <i>(note 13)</i>	—	(20,995)	—	—	(20,995)
Balances at 31st March 2015	57,309	1,071,190	1,099	(89,403)	1,040,195

Company

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2013	—	1,092,185	(146,164)	946,021
Loss for the year and total comprehensive loss for the year	—	—	(15,696)	(15,696)
Balances at 31st March 2014 and at 1st April 2014	—	1,092,185	(161,860)	930,325
Loss for the year and total comprehensive loss for the year	—	—	(23,757)	(23,757)
Issue of Consideration Shares for a business combination (<i>note 24</i>)	57,309	—	—	57,309
Special dividend (<i>note 13</i>)	—	(20,995)	—	(20,995)
Balances at 31st March 2015	<u>57,309</u>	<u>1,071,190</u>	<u>(185,617)</u>	<u>942,882</u>

Note:

Cumulative translation adjustments

The cumulative translation adjustments represent cumulative foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong which are dealt with in accordance with the accounting policy of foreign currencies, which is set out in note 2.9 to the financial statements.

26. Convertible bond

	Group and Company	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Liability component of convertible bond	<u>56,881</u>	<u>—</u>
Derivative component of convertible bond	<u>2,468</u>	<u>—</u>

On 20th August 2014, the Company issued convertible bond in the principal amount of HK\$60,000,000 to Million Land Limited, for the partial settlement of the Acquisition (as defined in note 27). 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 ordinary shares in the Company 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 2015, no convertible bond was converted and the outstanding principal amount of the convertible bond was HK\$60,000,000.

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

	Liability component	Derivative component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April 2014	—	—	—
Issue of convertible bond for a business combination (<i>note 27</i>)	56,147	16,306	72,453
Amortisation of liability component of convertible bond (<i>note 9</i>)	734	—	734
Fair value gain on derivative component of convertible bond	—	(13,838)	(13,838)
At 31st March 2015	<u>56,881</u>	<u>2,468</u>	<u>59,349</u>

27. Business combination

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire equity interests in Dragon Mining Overseas Limited and its subsidiaries (“Dragon Group”) and the shareholder’s loan owed by Dragon Group to its then shareholder (the “Acquisition”), at a consideration with a total fair value of HK\$272,453,000, consisting of HK\$140,000,000 cash, HK\$60,000,000 Consideration Shares and HK\$72,453,000 convertible bond (principal amount: HK\$60,000,000). Dragon Group is principally engaged in the provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. The Acquisition was completed on 20th August 2014.

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

	<i>Notes</i>	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	<i>15</i>	1,807
Trade and other receivables		34,727
Cash and cash equivalents		10,320
Other payables		(4,309)
Income tax liabilities		<u>(13,685)</u>
		28,860
Goodwill	<i>16</i>	<u>243,593</u>
		<u><u>272,453</u></u>
Satisfied by:		
Cash		140,000
Consideration Shares	<i>24</i>	60,000
Convertible bond at conversion price of HK\$0.25	<i>26</i>	<u>72,453</u>
		<u><u>272,453</u></u>

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

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

An analysis of net cash outflow of cash and cash equivalents in respect of the Acquisition is as follows:

	<i>HK\$'000</i>
Cash consideration	(140,000)
Cash and cash equivalents	<u>10,320</u>
Net outflow of cash and cash equivalents in respect of the Acquisition	(129,680)
Transaction costs of the Acquisition included in cash flows from operating activities	<u>(2,533)</u>
	<u><u>(132,213)</u></u>

Since its acquisition, Dragon Group has contributed to the Group's revenue and to the Group's consolidated profit of HK\$35,790,000 and HK\$8,992,000 respectively for the year ended 31st March 2015.

Had the combination taken place at the beginning of the current reporting period, the revenue and the profit of the Group for the year ended 31st March 2015 would have been HK\$1,309,202,000 and HK\$30,595,000, respectively.

28. Borrowings

Borrowings of the Group are repayable on demand and are analysed as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – unsecured*	200	2,600
Trust receipt loans – unsecured	16,839	—
	<u>17,039</u>	<u>2,600</u>

* The loans have corporate guarantees given by the Company and a government guarantee given by the Government of the Hong Kong Special Administrative Region.

Notes:

(a) The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	200	2,600
Japanese Yen	16,839	—
	<u>17,039</u>	<u>2,600</u>

(b) The effective interest rates (per annum) at the end of the reporting period were as follows:

	2015		2014	
	<i>Hong Kong dollar</i>	<i>Japanese Yen</i>	<i>Hong Kong dollar</i>	<i>Japanese Yen</i>
Bank loans – unsecured	1.7%	—	1.7%	—
Trust receipt loans – unsecured	—	3.1%	—	—

(c) The carrying amounts of all bank borrowings approximate to their fair values, as the impact of discounting is not significant.

29. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payables	178,983	62,985	—	—
Accruals	53,523	32,062	890	1,107
Receipts in advance	23,642	12,097	—	—
Other payables	15,111	7,080	—	—
	<u>271,259</u>	<u>114,224</u>	<u>890</u>	<u>1,107</u>

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

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

The carrying amounts of the trade and bills payables are denominated in the following currencies:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	19,275	5,123
US dollar	20,521	15,000
RMB	2,572	1,187
Japanese Yen	132,639	39,006
Others currencies	3,976	2,669
	<u>178,983</u>	<u>62,985</u>

30. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using the applicable tax rates which are expected to apply at the time of reversal of the temporary differences.

The movements in net deferred tax liabilities are as follows:

	Group	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At beginning of year	(438)	(417)
Recognised in the statement of profit or loss	—	(15)
Exchange realignment	37	(6)
	<u> </u>	<u> </u>
At end of year	<u> </u> (401)	<u> </u> (438)
Representing:		
Deferred tax liabilities	<u> </u> (401)	<u> </u> (438)

The movements in deferred tax assets/(liabilities), without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated	Provision	Total <i>HK\$'000</i>
	tax	of trade	
	depreciation	receivables	
	<i>HK\$'000</i>	and	
		inventories	
		<i>HK\$'000</i>	
At 1st April 2013	(685)	268	(417)
Recognised in the statement of profit or loss	(15)	—	(15)
Exchange realignment	(6)	—	(6)
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2014 and 1st April 2014	<u> </u> (706)	<u> </u> 268	<u> </u> (438)
Exchange realignment	37	—	37
	<u> </u>	<u> </u>	<u> </u>
At 31st March 2015	<u> </u> (669)	<u> </u> 268	<u> </u> (401)

As at 31st March 2015, the Group had unrecognised deferred tax assets of HK\$25,761,000 (2014: HK\$20,517,000), primarily representing the tax effect of cumulative tax losses (subject to agreement by relevant tax authorities) which can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to Mainland China enterprise income tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1st January 2008 and applies to earnings after 31st December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1st January 2008.

As at 31st March 2015 and 2014, there were no significant unrecognised deferred tax liabilities for taxes that would be payable on the unremitted earnings of the Group's subsidiaries in Mainland China.

31. Cash used in operations

Reconciliation of profit before income tax to net cash flows from operating activities:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before income tax		
From continuing operations	39,733	12,988
From a discontinued operation	—	37,444
Adjustments for:		
Finance income	(6,956)	(5,592)
Finance costs	1,220	130
Fair value gain on derivative component of convertible bond	(13,838)	—
Share of profits and losses of joint ventures	—	3,472
Depreciation of property, plant and equipment	4,254	5,251
Loss/(gain) on disposal of property, plant and equipment, net	618	(1,179)
Gain on deconsolidation of a subsidiary	(666)	—
Reversal of provision for impairment of trade and other receivables, net	—	(62)
Gain on disposal of a discontinued operation	—	(37,334)
Gain on disposal of joint ventures	—	(23,835)
	24,365	(8,717)
Increase in inventories	(2,545)	(1,480)
Decrease/(increase) in trade and other receivables	(171,750)	11,803
Increase/(decrease) in trade and other payables	154,962	(14,710)
Decrease in provision for severance and retirement benefits	—	(112)
Decrease in provisions	—	(8,143)
Net cash flows generated from/(used in) operations	<u>5,032</u>	<u>(21,359)</u>

32. Financial guarantees

As at 31st March 2015, the Company had provided guarantees of HK\$318,303,000 (2014: HK\$318,425,000) with respect to banking facilities made available to its subsidiaries. As at 31st March 2015, the banking facilities granted to its subsidiaries subject to guarantees given to banks by the Company were utilised to the extent of HK\$143,222,000 (2014: HK\$50,217,000). The directors anticipate that no material liabilities will arise from such guarantees which arose in the ordinary course of business.

33. Banking facilities

(a) As at 31st March 2015, the Group had banking facilities of HK\$465,470,000 (2014: HK\$283,516,000) from several banks for loans and trade financing. As at 31st March 2015, banking facilities of HK\$143,222,000 (2014: HK\$50,217,000) were utilised by the Group.

These facilities were secured by:

- (i) corporate guarantees of HK\$318,303,000 (2014: HK\$318,425,000) provided by the Company; and
- (ii) a government guarantee of HK\$200,000 (2014: HK\$2,600,000) provided by the Government of the Hong Kong Special Administrative Region.

(b) As at 31st March 2015, 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\$7,214,000 (2014: Nil).

34. Operating lease commitments**As lessee**

The Group leases certain of its office properties and warehouses under operating lease arrangements. The leases for these properties are negotiated for terms ranging from one to three years.

At 31st March 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	7,993	7,454
In the second to fifth years, inclusive	4,953	3,921
	12,946	11,375
	12,946	11,375

35. Commitments

As at 31st March 2015, neither the Group nor the Company had any significant capital commitments or contingent liabilities (2014: Nil).

36. Related party transactions

(a) Related party transaction

In addition to the transactions disclosed elsewhere in these financial statements, the Group had the following transaction with a related party during the year:

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Consultation fee income from IRG Exploration & Mining Inc. ("IRG") (<i>Note</i>)	1,961	—
	<u> </u>	<u> </u>

Note:

The Company's substantial shareholder, Mr. Chan Sik Lap, is a director of IRG. The transaction was determined in accordance with the terms and conditions set out in the agreement entered into between IRG and the Group.

(b) Outstanding balances with related parties

	Group	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other receivables — Earth Resources Centre Ltd. ("Earth Resources") (<i>Note</i>)	1,090	—
	<u> </u>	<u> </u>

Note:

The Company's substantial shareholder, Mr. Chan Sik Lap, has beneficial interests in Earth Resources and has undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due. The amount is unsecured, interest-free and has no fixed repayment terms.

(c) Balances with subsidiaries

The current portions of balances with subsidiaries are unsecured, interest-free and repayable/payable within a year.

The non-current portions of balances with subsidiaries are unsecured, interest-free and not repayable within one year.

(d) Key management compensation of the Group

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and bonuses	12,890	6,592
Retirement benefits – defined contribution scheme	66	30
	<u>12,956</u>	<u>6,622</u>

Further details of directors' emoluments are included in note 8 to the financial statements.

37. Financial instruments by category

All financial assets of the Group and the Company as at 31st March 2015 and 2014 were classified as loans and receivables.

All financial liabilities of the Group and the Company as at 31st March 2015 and 2014 were carried at amortised cost, except for the derivative component of convertible bond which has been classified as a financial liability at fair value through profit or loss.

38. Events after the reporting period

On 30th March 2015, the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the Company has agreed to place, through the placing agent on a best efforts basis, 300,000,000 new ordinary shares to Ms. Lu Ying, holder of the convertible bond, at a placing price of HK\$0.105 per placing share (the "Placing of Shares").

Subsequently on 15th April 2015, the Placing of Shares had been completed and 300,000,000 ordinary shares with net proceeds of approximately HK\$30 million (net of commission to placing agent) were placed to Ms. Lu Ying, representing 15.67% of the issued share capital of the Company as enlarged immediately after completion of the Placing of Shares.

B. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is the full text of the unaudited interim financial statements of the Group for the six months ended 30 September 2015 extracted from the interim report of the Company for the six months ended 30 September 2015:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30th September		For the three months ended 30th September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	728,095	630,613	299,476	371,635
Cost of sales		<u>(630,866)</u>	<u>(551,291)</u>	<u>(256,434)</u>	<u>(326,461)</u>
Gross profit		97,229	79,322	43,042	45,174
Other income and gains, net		8,972	938	1,641	755
Selling and distribution expenses		(48,366)	(42,171)	(22,950)	(23,966)
General and administrative expenses		(64,253)	(35,456)	(42,033)	(18,736)
Impairment on goodwill	9	<u>(237,264)</u>	<u>—</u>	<u>(237,264)</u>	<u>—</u>
Operating profit/(loss)		(243,682)	2,633	(257,564)	3,227
Fair value loss on derivative component of convertible bond		(752)	—	(752)	—
Finance income	4	1,438	3,747	740	1,874
Finance costs	4	<u>(1,375)</u>	<u>(19)</u>	<u>(526)</u>	<u>(8)</u>
Profit/(loss) before income tax		(244,371)	6,361	(258,102)	5,093
Income tax expense	5	<u>(5,856)</u>	<u>(2,685)</u>	<u>(1,777)</u>	<u>(1,577)</u>
Profit/(loss) for the period		<u><u>(250,227)</u></u>	<u><u>3,676</u></u>	<u><u>(259,879)</u></u>	<u><u>3,516</u></u>
Earnings/(loss) per share attributable to shareholders of the Company (HK cents)	6				
Basic		<u><u>(13.23)</u></u>	<u><u>0.26</u></u>	<u><u>(13.57)</u></u>	<u><u>0.23</u></u>
Diluted		<u><u>(13.23)</u></u>	<u><u>0.25</u></u>	<u><u>(13.57)</u></u>	<u><u>0.22</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

	For the six months ended 30th September		For the three months ended 30th September	
	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i> (Unaudited)
Profit/(loss) for the period	<u>(250,227)</u>	<u>3,676</u>	<u>(259,879)</u>	<u>3,516</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in the subsequent period:				
Currency translation differences of foreign operations	<u>(513)</u>	<u>204</u>	<u>(335)</u>	<u>322</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>(513)</u>	<u>204</u>	<u>(335)</u>	<u>322</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(250,740)</u></u>	<u><u>3,880</u></u>	<u><u>(260,214)</u></u>	<u><u>3,838</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION**

		As at 30th September 2015	As at 31st March 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	7,409	8,468
Intangible assets	9	380,021	617,285
Other non-current assets		<u>2,449</u>	<u>2,441</u>
		<u>389,879</u>	<u>628,194</u>
Current assets			
Inventories		8,175	2,416
Note receivables		—	47,018
Trade and other receivables	10	343,863	272,409
Cash and cash equivalents		<u>679,270</u>	<u>486,995</u>
		<u>1,031,308</u>	<u>808,838</u>
Total assets		<u><u>1,421,187</u></u>	<u><u>1,437,032</u></u>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	13	19,150	16,150
Reserves		<u>816,623</u>	<u>1,040,195</u>
Total equity	13	<u><u>835,773</u></u>	<u><u>1,056,345</u></u>

		As at 30th September 2015 <i>Notes</i> <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
LIABILITIES			
Current liabilities			
Borrowings		100,765	17,039
Trade and other payables	<i>11</i>	385,033	271,259
Derivative component of convertible bond	<i>12</i>	3,220	2,468
Income tax liabilities		37,899	32,254
		<u>526,917</u>	<u>323,020</u>
Non-current liabilities			
Liability component of convertible bond	<i>12</i>	57,509	56,881
Deferred tax liabilities		494	401
Other non-current liabilities		494	385
		<u>58,497</u>	<u>57,667</u>
Total liabilities		<u><u>585,414</u></u>	<u><u>380,687</u></u>
Total equity and liabilities		<u><u>1,421,187</u></u>	<u><u>1,437,032</u></u>
Net current assets		<u><u>504,391</u></u>	<u><u>485,818</u></u>
Total assets less current liabilities		<u><u>894,270</u></u>	<u><u>1,114,012</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	(Unaudited)		
	Attributable to shareholders of the Company		
	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2014	13,459	979,073	992,532
Comprehensive income			
Profit for the period	—	3,676	3,676
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	204	204
Total other comprehensive income	—	204	204
Total comprehensive income for the period	—	3,880	3,880
Issue of Consideration Shares for a business combination <i>(note 13(ii))</i>	2,691	57,309	60,000
Balances at 30th September 2014	<u>16,150</u>	<u>1,040,262</u>	<u>1,056,412</u>
Balances at 1st April 2015	<u>16,150</u>	<u>1,040,195</u>	<u>1,056,345</u>
Comprehensive income			
Loss for the period	—	(250,227)	(250,227)
<i>Other comprehensive income</i>			
Currency translation differences of foreign operations	—	(513)	(513)
Total other comprehensive income	—	(513)	(513)
Total comprehensive income for the period	—	(250,740)	(250,740)
Issue of shares <i>(note 13(i))</i>	3,000	27,168	30,168
Balances at 30th September 2015	<u>19,150</u>	<u>816,623</u>	<u>835,773</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30th September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash generated from operating activities	31,051	42,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	(1,978)	(2,470)
Acquisition of subsidiaries	—	(129,680)
Receipt of note receivables	47,502	46,644
Others	1,806	3,106
Net cash generated from/(used in) investing activities	47,330	(82,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	30,168	—
New bank loans	153,659	6,373
Repayment of bank loans	(69,933)	(7,573)
Net cash generated from/(used in) financing activities	113,894	(1,200)
Increase/(decrease) in cash and cash equivalents	192,275	(40,984)
Cash and cash equivalents at 1st April	486,995	572,500
Cash and cash equivalents at 30th September	<u>679,270</u>	<u>531,516</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at banks and cash on hand	403,277	531,516
Non-pledged time deposits with original maturity of three months or less when acquired	275,993	—
Cash and cash equivalents as stated in the unaudited condensed consolidated statement of financial position	<u>679,270</u>	<u>531,516</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;
- **mining consulting:** provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects;
- **Finance leasing:** provision of finance to its customers by 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 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 report is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand, except when otherwise indicated.

This report has been approved for issue by the Company’s Board of Directors on 5th November 2015.

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 2015.

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 2015, except for the adoption of the following revised standards and interpretations for the first time for the current period's financial information:

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contribution*

Annual improvements 2010-2012 Cycle Amendments to a number of HKFRSs

Annual improvements 2011-2013 Cycle Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated financial information.

3. Turnover, Revenue and Segment Information

3.1 Turnover and revenue

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

	For the six months ended 30th September		For the three months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sales of goods	715,089	622,093	294,449	365,786
Commission and other service income	4,945	4,944	3,793	2,273
Consulting fee income	8,025	3,576	1,198	3,576
Finance leasing income	36	—	36	—
	<u>728,095</u>	<u>630,613</u>	<u>299,476</u>	<u>371,635</u>

3.2 Operating segment information

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

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

Segment assets consist primarily of property, plant and equipment, intangible assets, other non-current assets, inventories and trade and other receivables. Unallocated assets comprise cash and cash equivalents, note receivables and corporate and others.

Capital expenditure comprises additions to property, plant and equipment.

There are no significant sales between the operating segments during the period. The operating result for the period are as follows:

	Six months ended 30th September 2015 (Unaudited)			Total HK\$ '000
	Finance leasing HK\$ '000	Hi-tech distribution and services operation HK\$ '000	Mining Consulting operation HK\$ '000	
Revenue				
— Sales to external customers	36	720,034	8,025	728,095
Segment results	(1,249)	23,196	(255,047)	(233,100)
Finance income				1,438
Finance costs				(1,375)
Fair value loss on derivative component of convertible bond				(752)
Corporate and other unallocated expenses				(10,582)
Loss before income tax				(244,371)
Income tax expense				(5,856)
Loss for the period				(250,227)
Capital expenditure	15	1,783	148	1,946
Corporate and other unallocated capital expenditure				32
				1,978
Depreciation	—	1,680	489	2,169
Corporate and other unallocated depreciation				339
				2,508
Provision for impairment of trade and other receivables	—	—	(19,994)	(19,994)
Loss of disposal of items of property, plant and equipment	—	(48)	—	(48)
Impairment of goodwill	—	—	(237,682)	(237,682)
Gain on disposal of a subsidiary, net				1,848

	Six months ended 30th September 2014 (Unaudited)		
	Hi-tech distribution and services operation <i>HK\$'000</i>	Mining Consulting operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue			
— Sales to external customers	<u>627,037</u>	<u>3,576</u>	<u>630,613</u>
Segment results	<u>14,609</u>	<u>216</u>	14,825
Finance income			3,747
Finance costs			(19)
Corporate and other unallocated expenses			<u>(12,192)</u>
Profit before income tax			6,361
Income tax expense			<u>(2,685)</u>
Profit for the period			<u>3,676</u>
Capital expenditure	1,937	514	2,451
Corporate and other unallocated capital expenditure			<u>19</u>
			<u>2,470</u>
Depreciation	1,497	77	1,574
Corporate and other unallocated depreciation			<u>434</u>
			<u>2,008</u>
Loss of disposal of items of property, plant and equipment	12	—	12

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

	Finance leasing <i>HK\$'000</i>	Hi-tech distribution and services operation <i>HK\$'000</i>	Mining Consulting operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30th September 2015 (Unaudited)				
Segment assets	2,004	703,114	34,251	739,369
Unallocated assets:				
Cash and cash equivalents				679,270
Corporate and others				2,548
				<u>1,421,187</u>
Total assets per the unaudited condensed consolidated statement of financial position				<u><u>1,421,187</u></u>
	Finance leasing <i>HK\$'000</i>	Hi-tech distribution and services operation <i>HK\$'000</i>	Mining Consulting operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31st March 2015 (Audited)				
Segment assets	—	608,456	291,616	900,072
Unallocated assets:				
Note receivable				47,018
Cash and cash equivalents				486,995
Corporate and others				2,947
				<u>1,437,032</u>
Total assets per the audited consolidated statement of financial position				<u><u>1,437,032</u></u>

Geographical information

(a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and Asia. Revenue by geographical location is determined on the basis of the destination of shipment of goods for the hi-tech distribution, the location of service performed by the mining consulting segment as well as the locations of the customers for finance leasing.

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

	For the six months ended 30th September 2015	For the six months ended 30th September 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	100	—
Mainland China	714,258	620,185
Asia – Others	<u>13,737</u>	<u>10,428</u>
Total revenue	<u><u>728,095</u></u>	<u><u>630,613</u></u>

(b) Non-current assets

The non-current assets information is based on the location of assets and exclude financial instruments.

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

	As at 30th September 2015	As at 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Hong Kong	388,918	627,844
Mainland China	171	214
Asia – Others	<u>790</u>	<u>136</u>
	<u><u>389,879</u></u>	<u><u>628,194</u></u>

Information about major customers

During the six months ended 30th September 2015, revenue of approximately HK\$111,711,000 (2014: HK\$73,756,000) was derived from sales by the hi-tech distribution and services operating segment to a single customer.

4. Finance income and costs

An analysis of finance income and costs is as follows:

	For the six months ended 30th September		For the three months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Finance income:				
Interest income from bank deposits	720	2,405	381	1,203
Interest income from note receivables	234	468	117	234
Interest in discounted amounts arising from the passage of time	484	874	242	437
	<u>1,438</u>	<u>3,747</u>	<u>740</u>	<u>1,874</u>
Finance costs:				
Interest on bank loans	597	19	87	8
Interest on convertible bond	628	—	314	—
Net foreign exchange loss on financing activities	150	—	125	—
	<u>1,375</u>	<u>19</u>	<u>526</u>	<u>8</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% (2014: 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% (2014: 25%).

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

The amounts of income tax expense recorded in the unaudited condensed consolidated statement of profit or loss:

	For the six months ended 30th September		For the three months ended 30th September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	3,694	2,577	1,598	1,551
Mainland China enterprise income tax				
— current period	124	108	91	26
Overseas taxation				
— current period	1,950	—	—	—
Deferred taxation	88	—	88	—
	<u>5,856</u>	<u>2,685</u>	<u>1,777</u>	<u>1,577</u>

6. Earnings/(loss) per share

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

No adjustment has been made to the basic loss per share amounts presented for the six months and three months ended 30th September 2015 in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

Diluted earnings per share amounts for the six months and three months ended 30th September 2014 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the profit for the six months and three months ended 30th September 2014 is adjusted to eliminate the interest expense on convertible bond and fair value changes of convertible bond less tax effect, if any.

The calculation of basic loss per share for the six months and three months ended 30th September 2015 is based on:

	For the six months ended 30th September 2015 (Unaudited)	For the three months ended 30th September 2015 (Unaudited)
2015		
Loss		
Loss attributable to shareholders of the Company and used in the basic loss per share calculation (HK\$'000)	<u>(250,227)</u>	<u>(259,879)</u>
Shares		
Weighted average number of ordinary shares in issue	<u>1,892,046,424</u>	<u>1,914,997,244</u>

The calculation of basic and dilutive earnings per share for the six months and three months ended 30th September 2014 is based on:

	For the six months ended 30th September 2014 (Unaudited)	For the three months ended 30th September 2014 (Unaudited)
2014		
Earnings/(loss)		
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>3,676</u>	<u>3,516</u>
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,435,625,047	1,524,336,296
Effect of dilution — weighted average number of ordinary shares:		
Convertible bond	<u>53,770,492</u>	<u>106,956,522</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u>1,489,395,539</u>	<u>1,631,292,818</u>

7. Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30th September 2015.

8. Property, plant and equipment

	<i>HK\$'000</i> (Unaudited)
At 1st April 2015	8,468
Additions	1,978
Disposals	(516)
Depreciation	(2,508)
Exchange realignments	(13)
At 30th September 2015	<u>7,409</u>
At 1st April 2014	6,373
Additions	2,470
Acquisition of subsidiaries	1,807
Disposals	(128)
Depreciation	(2,008)
Exchange realignments	(3)
At 30th September 2014	<u>8,511</u>

9. Intangible assets

Impairment tests for goodwill

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

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
Hi-tech distribution and services operation	373,692	373,692
Mining consulting operation	<u>243,593</u>	<u>243,593</u>
	617,285	617,285
<i>Less: Impairment loss recognised</i>		
Mining consulting operation	<u>(237,264)</u>	<u>—</u>
	<u>380,021</u>	<u>617,285</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 price worldwide with increased volatility, our mining consulting division perceives increasing financial constraints in terms of availability of exploration funding to, and willingness to commit to substantiate capital investment by, our existing and potential customers in their capital expenditure program budget for new exploration. This has led to increasing difficulties in collection of payments and in securing commercially acceptable terms for the continuation of further works for existing projects and new contracts closing.

The declining in market conditions coincided with the most unexpected resignation of Mr. Jacky Chan Sik Lap, founder and CEO of Dragon Mining Overseas Limited and its subsidiaries (“Dragon Group”), as announced by the Company on 8th September 2015 in its business update. During the month following his departure, a few other senior members of Dragon Group also resigned. The departure of a number of senior staff of Dragon Group in such a short period posed a challenge to the Group and caused the loss of some potential projects in the short term.

With reference to the above indicators, management has determined to carry out impairment testing on the goodwill and other related assets relating to the mining consulting operation cash-generating unit. Based on the value in use calculation prepared by an independent consultant, the recoverable amount of this cash-generating unit as at 30th September 2015 was lower than the carrying amount of the cash-generating unit accounts, principally the goodwill, and accordingly an impairment loss of approximately HK\$237,264,000 was recognised in profit or loss for the period ended 30th September 2015 (2014: Nil). The reduction on the recoverable amount of the mining consulting operation cash-generating unit as compared with that as at 31st March 2015 was driven by the substantial reduction in the expected net cash inflow from the mining consulting operation.

Apart from the aforesaid impairment of goodwill, there was no movement in other intangible assets of the Group during the six months periods ended 30th September 2015 and 2014.

10. Trade and other receivables

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
Trade and bills receivables	286,303	235,465
<i>Less:</i> Impairment of trade receivables	(19,994)	—
Trade and bills receivables, net	266,309	235,465
Prepayments	52,416	12,220
Rental deposits — current portion	1,127	1,075
Other receivables	24,011	23,649
	<u>343,863</u>	<u>272,409</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 5 to 90 days, except for new customers, where payment in advance is normally required. An ageing analysis of trade and bills receivables, based on invoice date and net of impairment, as at the end of the reporting period is as follows:

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
90 days or less	158,986	207,097
91 to 180 days	73,300	27,272
181 to 270 days	33,196	138
271 to 365 days	827	444
Over 365 days	—	514
	<u>266,309</u>	<u>235,465</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.

11. Trade and other payables

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
Trade and bills payables	231,153	178,983
Accruals	51,920	53,523
Receipts in advance	87,436	23,642
Other payables	14,524	15,111
	<u>385,033</u>	<u>271,259</u>

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

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
90 days or less	81,703	170,439
91 to 180 days	118,280	6,237
181 to 270 days	29,644	609
271 to 365 days	379	53
Over 365 days	1,147	1,645
	<u>231,153</u>	<u>178,983</u>

12. Convertible bond

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
Liability component of convertible bond	<u>57,509</u>	<u>56,881</u>
Derivative component of convertible bond	<u>3,220</u>	<u>2,468</u>

On 20th August 2014, the Company issued convertible bond in the principal amount of HK\$60,000,000 to Million Land Limited, as the partial settlement of the Acquisition (as defined in note 14 to this report). 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 30th September 2015, no (31st March 2015: Nil) convertible bond was converted and the outstanding principal amount of the convertible bond was HK\$60,000,000 (31st March 2015: 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 purpose, 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>	(Unaudited) 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	628	—	628
Fair value loss on derivative component of convertible bond	—	752	752
At 30th September 2015	<u>57,509</u>	<u>3,220</u>	<u>60,729</u>
	Liability component <i>HK\$'000</i>	(Unaudited) Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2014	—	—	—
Issue of convertible bond for a business combination (<i>note 14</i>)	<u>56,147</u>	<u>16,306</u>	<u>72,453</u>
At 30th September 2014	<u>56,147</u>	<u>16,306</u>	<u>72,453</u>

13. Equity

Movements in equity are as follows:

	Share capital	(Unaudited) Other reserves	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balances at 1st April 2015	16,150	1,129,598	(89,403)	1,056,345
Loss for the period	—	—	(250,227)	(250,227)
Currency translation differences of foreign operations	—	(513)	—	(513)
Total comprehensive income for the period	—	(513)	(250,227)	(250,740)
Issue of shares (note (i))	3,000	27,168	—	30,168
Balances at 30th September 2015	<u>19,150</u>	<u>1,156,253</u>	<u>(339,630)</u>	<u>835,773</u>

	Share capital	(Unaudited) Other reserves	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balances at 1st April 2014	13,459	1,094,029	(114,956)	992,532
Profit for the period	—	—	3,676	3,676
Currency translation differences of foreign operations	—	204	—	204
Total comprehensive income for the period	—	204	3,676	3,880
Issue of Consideration Shares for a business combination (note (ii))	2,691	57,309	—	60,000
Balances at 30th September 2014	<u>16,150</u>	<u>1,151,542</u>	<u>(111,280)</u>	<u>1,056,412</u>

Notes:

- (i) On 15th April 2015, the Company issued 300,000,000 new ordinary shares to Ms. Lu Ying, holder of the convertible bond, at a placing price of HK\$0.105 per placing share, pursuant to the placing agreement which the Company entered into on 30th March 2015 with the placing agent to place new shares on a best efforts basis. The transaction costs includes legal fees and other professional fees related to the placement was approximately HK\$1,332,000.
- (ii) During the six months ended 30th September 2014, the Company has issued 269,058,296 Consideration Shares of HK\$0.1 each at a price of HK\$0.223 each for the partial settlement of the Acquisition, resulting in the increase of share capital and share premium by HK\$2,691,000 and HK\$57,309,000, respectively.

14. Business combination

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire equity interests in Dragon Group and the shareholder's loan owed by Dragon Group to its then shareholder (the "Acquisition"), at a total consideration of HK\$272,453,000, consisting of HK\$140,000,000 cash, HK\$60,000,000 consideration shares and HK\$72,453,000 convertible bond (principal amount: HK\$60,000,000). Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. The Acquisition was completed on 20th August 2014.

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

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

An analysis on net cash outflow of cash and cash equivalents in respect of the Acquisition is as follows:

	<i>HK\$'000</i>
Cash consideration	(140,000)
Cash and bank balances acquired	<u>10,320</u>
Net outflow of cash and cash equivalents in respect of the Acquisition	(129,680)
Transaction costs of the Acquisition included in cash flows from operating activities	<u>(2,533)</u>
	<u><u>(132,213)</u></u>

15. Related party transactions

(a) Related party transaction

In addition to the transactions disclosed elsewhere in this report, the Group had the following transaction with a related party during the period:

	For the six months ended 30th September 2015 <i>HK\$'000</i> (Unaudited)	For the six months ended 30th September 2014 <i>HK\$'000</i> (Unaudited)
Consultation service income from IRG Exploration & Mining Inc. ("IRG") (<i>Note</i>)	<u>—</u>	<u>485</u>

Note:

The Group's then substantial shareholder as at 30th September 2014, Mr. Chan Sik Lap, was a director of IRG. The transaction was based on terms mutually agreed between the Group and the related party. During the six months ended 30th September 2015, the Group has no transaction with IRG.

(b) Outstanding balances with related parties

	As at 30th September 2015 <i>HK\$'000</i> (Unaudited)	As at 31st March 2015 <i>HK\$'000</i> (Audited)
Other receivables		
— Earth Resources Centre Ltd. ("Earth Resources") (<i>Note</i>)	<u>—</u>	<u>1,090</u>

Note:

The Group's then substantial shareholder as at 31st March 2015, Mr. Chan Sik Lap, had beneficiary interests in Earth Resources and had undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due. The amount was unsecured, interest-free and repayable on similar credit terms to those offered to the major customers of the Group.

(c) Key management compensation of the Group

	For the six months ended 30th September 2015 HK\$'000 (Unaudited)	For the six months ended 30th September 2014 HK\$'000 (Unaudited)
Salaries, allowances and bonuses	8,259	2,812
Retirement benefits		
— defined contribution scheme	45	10
	<u>8,304</u>	<u>2,822</u>

16. Fair value and fair value hierarchy of financial instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amount that reasonably approximate to their fair values, are as follows:

	Carrying amounts		Fair values	
	As at 30th September 2015 HK\$'000 (Unaudited)	As at 31st March 2015 HK\$'000 (Audited)	As at 30th September 2015 HK\$'000 (Unaudited)	As at 31st March 2015 HK\$'000 (Audited)
Financial liabilities				
Liability component of convertible bond	57,509	56,881	48,204	57,557
Derivative component of convertible bond	3,220	2,468	3,220	2,468
	<u>60,729</u>	<u>59,349</u>	<u>51,424</u>	<u>60,025</u>

Management has assessed that the fair values of cash and cash equivalents, borrowings, trade and other receivables, trade and other payables, and notes receivable approximate to their carrying amounts largely due to short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee four times a year for quarterly, interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of note receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The carrying amounts of note receivables approximate to their fair values.

The fair value of the derivative component of convertible bonds is the difference between the fair value of convertible bond and the fair value of liability component of convertible bond, i.e., present value of the liability component of convertible bond. The fair value of convertible bond has been estimated using a valuation technique for which the input which has a significant effect on the recorded fair value is not based on observable market data. The Group's derivative component of convertible bond is categorised in Level 3 of the fair value measurement as at 30th September 2015 and 31st March 2015.

Below is a summary of significant unobservable inputs to the valuation of the convertible bond:

	Valuation technique	Significant unobservable input	30th September 2015 %	31st March 2015 %	Sensitivity of the input to fair value
Convertible bonds	Trinomial option pricing model	Risky discount rate	12.3	1.75	0.5% increase/(decrease) in discount rate would result in decrease/(increase) in fair value by HK\$402,000 (31st March 2015: HK\$63,000)

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the statements of financial position, and the related changes in fair values, which are recorded in the statement of profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

The Group did not have any financial assets measured at fair value as at 30th September 2015 and 31st March 2015.

Liabilities measured at fair value:

As at 30th September 2015 (Unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in markets (Level 1) HK\$'000	Significant observable input (Level 2) HK\$'000	Significant unobservable input (Level 3) HK\$'000	
Derivative component of convertible bond	—	—	3,220	3,220

As at 31st March 2015 (Audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in markets (Level 1) HK\$'000	Significant observable input (Level 2) HK\$'000	Significant unobservable input (Level 3) HK\$'000	
Derivative component of convertible bond	—	—	2,468	2,468

The movements in fair value measurements in Level 3 during the period are as follows:

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Derivative components of convertible bonds:		
At 1st April	2,468	—
Issue of convertible bonds for a business combination	—	16,306
Fair value loss recognised in the statement of profit or loss	752	—
At 30th September	3,220	16,306

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2014: Nil).

2. INDEBTEDNESS

As at the close of business on 31 March 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had outstanding Convertible Bonds with aggregate principal amount of HK\$60 million due on 21 August 2017. The Convertible Bonds bear no interest on the principal amount and no security or guarantee is granted in respect of the Convertible Bonds.

As at the close of business on 31 March 2016, the Group had guarantees given to certain banks in respect of performance bonds and bid bonds in favour of certain customers amounted to approximately HK\$2.1 million.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 March 2016, the Group did not have any bank loans, loan capital issued and outstanding or agreed to be issued, bank overdrafts, other debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other contingent liabilities.

3. MATERIAL CHANGE

The Directors confirm that save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date:

- (i) on 8 September 2015, the Company published a business update announcement which stated that according to the preliminary review of the operations and performance of the different segments of the Group, the development of both high-tech distribution division and mining consulting division of the Company would be influenced. There might be a need for the Company to make impairment provisions for the goodwill of either and/or both of the business sectors;
- (ii) on 19 October 2015, the Company published a profit warning alert which stated that according to the preliminary review of the unaudited consolidated management accounts of the Group, the unaudited consolidated profit attributable to owners of the Company for the six months ended 30 September 2015 (the “**Consolidated Profit**”) was expected to decrease significantly in comparison with the same period of last year. The decrease in the Consolidated Profit was mainly attributable to an impairment against the value of an intangible asset of Dragon Mining Overseas Limited (“**Dragon Mining**”) at approximately HK\$240 million and a provision against receivables totaling approximately HK\$20 million due from clients of a subsidiary of Dragon Mining, further particulars relating to which were included in the Company’s interim report for the six months ended 30 September 2015.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Offeror, the Group and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with her) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with her) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

This Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with her), is in compliance with the GEM Listing Rules. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with her) 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 in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$700,000,000 divided into 40,000,000,000 Shares of HK\$0.01 each and 30,000,000,000 convertible preference shares of HK\$0.01 each. The number of issued and paid-up share of the Company as at the Latest Practicable Date was 1,914,997,244 Shares.

All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital and dividends and voting. Save for the 300,000,000 Shares issued and allotted by the Company to Ms. Lu on 15 April 2015 pursuant to the placing agreement dated 30 March 2015 under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 4 September

2014, the Company has not issued any Shares since 31 March 2015, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were 1,914,997,244 Shares in issue, of which the Offeror held 969,058,296 Shares, representing approximately 50.60% of the issued share capital of the Company.

As at the Latest Practicable Date, the Company had in issue the Convertible Bonds the full conversion of which at the initial conversion price of HK\$0.25 per Share (subject to adjustment) will result in the issue of 240,000,000 Shares. Other than the Shares in issue and the Convertible Bonds, the Company has no other outstanding shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the trading day immediately prior to the Preliminary Announcement (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
30 October 2015	0.121
30 November 2015	0.130
31 December 2015	0.123
29 January 2016	0.102
29 February 2016	0.100
31 March 2016	0.096
1 April 2016 (the trading day immediately prior to the Preliminary Announcement)	0.104
15 April 2016 (the Last Trading Day)	0.114
29 April 2016	0.125
17 May 2016 (Latest Practicable Date)	0.118

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.137 on 6 November 2015 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.092 on 11 February 2016, 10 March 2016 and 21 March 2016.

4. DISCLOSURE OF INTERESTS

- (a) Directors and the chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations.

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company, including their respective associates in the equity or equity securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers had been notified to the Company and the Stock Exchange were as follows:

Names	Capacity	Shares held	Approximate percentage of interest in the Company's number of share capital
Zhang Yifan	Interest of spouse	2,445,296 (<i>note</i>)	0.13%

Note:

- These Shares are beneficially owned by Mr. Ding, the spouse of Ms. Zhang Yifan. As such, Ms. Zhang Yifan will be deemed to be interested in these Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Director and the chief executives of the Company, including their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning

of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

- (b) Substantial shareholders, the Offeror and parties acting in concert with it and other persons' interests and short positions in shares, underlying shares and securities of the Company.

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Names	Capacity	Number of Shares	Approximate percentage of interest in the Company's issued share capital
The Offeror	Beneficial owner	969,058,296 (<i>note 1</i>)	50.60%
	Beneficial owner	240,000,000 (<i>note 2</i>)	12.53%
GF Securities Co., Ltd	Interest in controlled corporation/Security interest	1,209,058,296 (<i>note 3</i>)	63.14% (<i>note 4</i>)
C.L Davids Fond og Samling	Beneficial owner	106,178,010	5.54%

Notes:

- (1) These Shares are subject to the Offeror Shares Security Deed.

- (2) These represent the underlying Shares issuable upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.25 per Share (subject to adjustment) and are subject to the CB Security Deed.
- (3) These represent the number of Shares subject to the Security Deeds entered into between the Offeror (as chargor) and GF Securities (as chargee). GF Securities is a company wholly owned by GF Holdings (Hong Kong) Corporation Limited which is in turn wholly owned by GF Securities Co., Ltd.
- (4) The slight discrepancy between this percentage and the aggregate shareholding percentage of the Offeror is due to rounding.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO.

5. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- i. no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- ii. there were no Shares, convertible securities, warrants, options or derivative of any Shares which the Company or any Directors had borrowed or lent;
- iii. none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

- iv. no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares;
- v. no Shares, convertible securities, warrants, options or derivatives of any Shares were managed on a discretionary basis by fund managers connected with the Company;
- vi. none of the Directors held any Shares, convertible securities, warrants, options or derivative of any Shares and therefore they are not subject to the Offer;
- vii. there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- viii. save for the Transaction to which the spouse of Ms. Zhang Yifan was party, no material contracts have been entered into by the Offeror in which any Director has a material personal interest.

6. DEALING IN SECURITIES AND OTHER ARRANGEMENTS

During the Relevant Period:

- i. none of the Directors have dealt for value in any Shares, options, derivatives, warrants or other securities convertible into the Shares;
- ii. none of the subsidiaries of the Company or any pension funds of the Group or any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

- iii. no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- iv. no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (i) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period other than the following contracts;
 - (a) on 24 February 2016, the Company entered into a letter of agreement with Mr. Pierre Tsui Kwong Ming (“Mr. Tsui”) upon his re-designation from an independent non-executive Director to an executive Director. The term of such letter is three years, commencing from 24 February 2016 and ending on 23 February 2019 terminable by either party by giving at least 180 days’ written notice. Mr. Tsui’s aggregate annual remuneration is HK\$2,400,000 (comprising base salary of HK\$2,160,000 and the director’s fee of HK\$240,000) with entitlement to a fixed bonus of HK\$180,000 per year (to be pro-rata to the actual length of his service in that year) and a discretionary bonus to be determined by the remuneration committee of the Company and the Board;
 - (b) on 2 February 2016, the Company entered into a letter of agreement with each of Mr. Joseph Liang Hsien Tse (“Mr. Liang”) and Mr. Kenneth Kon Hiu King (“Mr. Kon”) in relation to his appointment as an independent non-executive Director upon the expiry of the previous agreement letter. The term of both agreement letters is three years, commencing from 19 February 2016 and ending on 18 February 2019 terminable by

either the Director or the Company giving one-month's written notice. Each of Mr. Liang and Mr. Kon will receive an annual director's fee of HK\$240,000; and

- (c) on 2 February 2016, the Company entered into a letter of agreement with Mr. Joseph Chan Nap Kee ("Mr. Chan") as a non-executive Director upon the expiry of his previous agreement letter. The terms of Mr. Chan's letter is the same as those of the agreement letters of Mr. Liang and Mr. Kon (except as to the identity of the Director concerned). On 4 March 2016, Mr. Chan was re-designated as an independent non-executive Director and his previous agreement letter was terminated as a result. The term of his new appointment is three years, commencing from 4 March 2016 and ending on 3 March 2019 terminable by either party by giving one-month's written notice. Mr. Chan will receive an annual director's fee of HK\$240,000;

- (ii) are continuous contracts with a notice period of 12 months or more; or

- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period other than the contracts set out above and the one described below:
 - (a) on 26 November 2014, the Company entered into a letter of agreement with Ms. Zhang Yifan in respect of her appointment as an executive Director. The term of such letter is three years, commencing from 6 November 2014 and ending on 5 November 2017 terminable by either party by giving at least 180 days' written notice. Ms. Zhang Yifan will receive an aggregate annual remuneration of HK\$1,440,000 (comprising base salary of HK\$1,200,000 and the director's fee of HK\$240,000) and is entitled to a discretionary bonus the amount of which is to be determined by the remuneration committee of the Company and the Board.

8. EXPERT AND CONSENT

In addition to the Offeror's experts listed in paragraph 3 of Appendix IV, the following are the qualifications of the expert who has given opinions or advice which is contained or referred to in this Composite Document:

Name	Qualification
Veda Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion, and/or references to its name in the form and context in which it appears.

9. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is pending or threatened by or against the Company or any member of the Group.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, were entered into by any member of the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date and are or may be material:

- (i) the placing agreement dated 30 March 2015 entered into by the Company as the issuer and Oriental Patron Securities Limited as the placing agent in respect of the placing of 300,000,000 Shares to Ms. Lu as the placee at the placing price of HK\$0.105 per Share (the "Placing"). The Placing was completed on 14 April 2015 and the net proceeds from the Placing was approximately HK\$30 million. Please refer to the announcements of the Company dated 30 March 2015 and 15 April 2015 for more details of the Placing.

- (ii) the sale and purchase agreement dated 13 June 2014 entered into by the Company as the purchaser, Million Land Limited (“Million Land”) as the vendor and Mr. CHAN Sik Lap as the guarantor for Million Land in respect of the sale and purchase of (a) the entire issued share capital in Dragon Mining Overseas Limited and (b) a loan due from Dragon Mining Overseas Limited to Million Land at completion in the principal amount of HK\$8,830,000 for a consideration of HK\$260,000,000, which was satisfied by (x) HK\$140,000,000 in cash; (y) HK\$60,000,000 by the issue and allotment of 269,058,296 consideration shares (“Consideration Shares”) credited as fully paid at the issue price of HK\$0.223 per Consideration Share; and (z) HK\$60,000,000 by the issue of the Convertible Bonds. The transaction completed on 20 August 2014 on which date 269,058,296 Consideration Shares and the Convertible Bonds were issued by the Company to Million Land. Please refer to the announcements of the Company dated 13 June 2014 and 20 August 2014 and the circular of the Company dated 24 July 2014 for more details of the transaction set out above.

11. GENERAL

- (i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is at 18th Floor, Shanghai Commercial Bank Tower, 12 Queen’s Road Central, Hong Kong.
- (ii) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (iii) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (www.sfc.hk); and (ii) the website of the Company at www.nasholdings.com during the period from the date of this Composite Document up to and including the Offer Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 March 2014 and 2015, respectively;
- (c) the interim report of the Company for the six months ended 30 September 2015;
- (d) the letter from the Board, the text of which is set out in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (g) the service contracts referred to in the paragraph headed “7. Directors’ Service Contracts” in this appendix;
- (h) the written consents referred to in the paragraph headed “8. Expert and Consent” in this appendix; and
- (i) the material contracts referred to in the paragraph headed “10. Material Contracts” in this appendix.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with regard to the Offeror, the Group and the Offer.

The Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, its associates and parties acting in concert with any of them) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, its associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date,

- (a) save for the 400,000,000 shares that are the subject of the Transaction, none of the Offeror or parties acting in concert with her has dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (b) the Offeror and parties acting in concert with her had not received any irrevocable commitment to accept or reject the Offer;
- (c) save for the charge over the Convertible Bonds, the Offeror Shares and the Offer Shares possibly to be acquired by the Offeror under the Offer in favour of GF Securities pursuant to the Security Deeds, there was no arrangement of the kind referred to in paragraph 3 of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any persons acting in concert with her and any other person;
- (d) none of the Offeror and any persons acting in concert with her had borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (e) no Shares, options, derivatives, warrants or other securities convertible into Shares was managed on a discretionary basis by any fund managers connected with the Offeror or any persons acting in concert with her, and no such person had dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (f) there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (g) there was no agreement, arrangement, or understanding (including any compensation arrangement) exist between the Offeror or any persons acting in concert with her and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer; and
- (h) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which she may or may not seek to invoke a condition to the Offer.

3. EXPERTS AND CONSENTS

In addition to those listed in paragraph 8 of Appendix III, the following are the qualifications of the experts who have given opinions or advice which is contained or referred to in this Composite Document:

Name	Qualification
GF Capital	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
GF Securities	a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with copy of its letter and the references to its name included herein in the form and context in which it appears.

4. MISCELLANEOUS

- (a) The address of the Offeror is at Room 601, No.9, Lane 628, Zhangyang Road, Pudong New Area, Shanghai, China.
- (b) The registered office of GF Capital and GF Securities is at 29-30/F Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.
- (c) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the website of the Securities and Futures Commission at www.sfc.hk, and the Company's website at www.nasholdings.com during the period from the date of the Composite Document up to and including the Closing Date:

- (a) this Composite Document;
- (b) the letter dated 20 May 2016 from GF Securities as set out on pages 7 to 16 of this Composite Document;
- (c) the Facility Agreement;
- (d) the CB Security Deed;
- (e) the Offeror Shares Security Deed;
- (f) the instrument executed by the Company dated 20 August 2014, the form of transfer entered into between Million Land Limited as transferor and Ms. Lu as transferee dated 24 October 2014, and the certificate issued by the Company in favour of Ms. Lu dated 24 October 2014 in relation to the Convertible Bonds; and
- (g) the letters of consents referred to under the paragraph headed "3. Experts and Consents" in this Appendix IV.