THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **North Asia Strategic Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

North Asia Strategic Holdings Limited
北亞策略控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

MAJOR TRANSACTION
ACQUISITION OF MINING CONSULTING BUSINESS AND ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Financial Adviser

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

A letter from the board of directors of North Asia Strategic Holdings Limited (the "Company") is set out on pages 5 to 29 of this circular.

A notice convening the special general meeting (the "SGM") of the Company to be held at 10:00 a.m. at Admiralty Conference Centre, 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 August 2014 is set out on pages 93 to 94 of this circular. A form of proxy for the SGM is enclosed herein.

Any member of the Company (a "Member") entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member.

In order to be valid, the instrument appointing a proxy, together with a power of attorney or other authority under which it is signed, or a certified copy of such power of attorney, shall be delivered to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Delivery of an instrument shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcement" page for at least seven days from the date of its posting and on the Company's website at www.nasholdings.com.

24 July 2014

* *For identification purpose 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the following meaning:

"Acquisition"	acquisition of the Sale Assets pursuant to the terms and conditions of the Sale and Purchase Agreement
"Board"	the board of Directors of the Company
"Business Day(s)"	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning signal no. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open for banking business in Hong Kong
"Company"	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on GEM (stock code: 8080)
"Completion"	completion of the Sale and Purchase Agreement
"Consideration"	the total consideration of HK$260,000,000 payable by the Purchaser for acquiring the Sale Assets
"Consideration Share(s)"	the new Shares to be allotted and issued to the Vendor in partial satisfaction of the Consideration in the principal amount of HK$60,000,000
"Conversion Rights"	the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares
"Conversion Share(s)"	the new Share(s) issuable upon exercise of the Conversion Rights attaching to the Convertible Bonds
"Convertible Bonds"	zero coupon convertible bonds to be issued by the Company in partial satisfaction of the Consideration in the principal amount of HK$60,000,000
"Director(s)"	director(s) of the Company from time to time

"Dragon" or "Target Company"	Dragon Mining Overseas Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor
"Dragon Group" or "Target Group"	Dragon and its subsidiaries
"Enlarged Group"	the Group as enlarged by the Dragon Group immediately upon Completion
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
"Group"	the Company and its subsidiaries
"Guarantor" or "Mr. Chan"	Mr. Jacky Chan Sik Lap, a 52% shareholder of the Vendor
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	persons(s) or company(ies) together with its/their beneficial owner(s) who or which is/are, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, are not connected person(s) (as defined in the GEM Listing Rules) to the Company and its associates
"Key Employees"	the chief executive officer, the group financial controller and two regional managers of the Dragon Group
"Last Trading Day"	13 June 2014, being the last trading day prior to the signing of the Sale and Purchase Agreement
"Latest Practicable Date"	22 July 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing

"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
"Long Stop Date"	31 December 2014, or such other date as may be agreed by the Purchaser and the Vendor in writing
"Material Adverse Change"	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse change on: (a) the ability of any of the Vendor or the Guarantor to perform its/his obligations under the Sale and Purchase Agreement or any other documents entered into pursuant to or in relation to the Sale and Purchase Agreement; or (b) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Dragon Group as a whole
"PRC" or "China"	the People's Republic of China
"Purchaser"	the Company
"Sale and Purchase Agreement"	the conditional sale and purchase agreement dated 13 June 2014 entered into between the Vendor, the Purchaser and the Guarantor in relation to the sale and purchase of the Sale Assets
"Sale Assets"	the Sale Loan and the Sale Shares
"Sale Loan"	an amount of not less than HK$8,800,000 in principal which will be due from Dragon to the Vendor at Completion, after assignment (on terms to the satisfaction of the Purchaser) of an existing amount due from the Dragon Group to the Guarantor by way of advance, which amounted to approximately HK$8,830,000 as at the Latest Practicable Date
"Sale Shares"	the entire issued share capital of Dragon, which is wholly-owned by the Vendor

"Specific Mandate"	the specific mandate proposed to be sought at the SGM to authorise the Directors to allot and issue the Consideration Shares and the Conversion Shares upon conversion of Convertible Bonds
"SGM"	the special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
"Vendor"	Million Land Limited, a company incorporated in the British Virgin Islands with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

North Asia Strategic Holdings Limited
北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

Board of Directors

Executive Director
Mr. Ding Yi *(Chairman)*

Non-executive Directors
Mr. James Tsiolis *(Deputy Chairman)*
Mr. Joseph Chan Nap Kee

Independent Non-executive Directors
Mr. Stephen Luk Kai Ming
Mr. Kenneth Kon Hiu King
Mr. Joseph Liang Hsien Tse

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business
Suite 1318, 13th Floor
Two Pacific Place
88 Queensway
Hong Kong

24 July 2014

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF MINING CONSULTING BUSINESS
AND ISSUE OF
CONSIDERATION SHARES AND CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE

INTRODUCTION

On 13 June 2014 (after trading hours), the Vendor, the Purchaser and the Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Assets at the Consideration of HK$260,000,000.

The Consideration is to be satisfied as to (i) HK$140,000,000 in cash; (ii) HK$60,000,000 by the issue and allotment of 269,058,296 Consideration Shares at the issue price of HK$0.223 per Share; and (iii) HK$60,000,000 by the issue of Convertible Bonds at an initial conversion price of HK$0.25 per Conversion Share (subject to adjustment).

* *For identification purpose only*

The purpose of this circular is to provide you, among other things, (i) further information regarding the Acquisition; (ii) other information as required under the GEM Listing Rules; and (iii) the notice of the SGM to be convened for the purpose of considering and, if thought fit, approving the Acquisition and the transactions contemplated thereunder.

THE ACQUISITION

The Sale and Purchase Agreement

Date: 13 June 2014 (after trading hours)

Parties:
(i) Million Land Limited as the Vendor;

(ii) the Company as the Purchaser;

(iii) Mr. Chan Sik Lap as the Guarantor, who beneficially owns 52% of the issued share capital of the Vendor.

The Vendor is a company incorporated in the British Virgin Islands with limited liability and its principal activity is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The Sale Assets comprises the Sale Shares and the Sale Loan. The Sale Shares represents the entire issued share capital of Dragon and the Sale Loan will, on Completion, represent amounts due from Dragon to the Vendor.

As at the Latest Practicable Date, the amount due from the Dragon Group to the Guarantor by way of advance and which is to be converted prior to Completion into the Sale Loan amounted to approximately HK$8,830,000. The Vendor will sale and assign and the Company will purchase and take the assignment of the Sale Loan free from all claims, charges, liens, encumbrances, options, rights of pre-emption, defects, adverse interests and equities of any kind whatsoever after Completion.

Upon Completion, Dragon will become a wholly-owned subsidiary of the Company and the financial results of the Dragon Group will be consolidated into the financial statements of the Group.

The Vendor and the Guarantor have given an undertaking not to compete with the Dragon Group and solicit its clients for a period of two years from Completion.

Consideration

The Consideration of HK$260,000,000 shall be paid to the Vendor (or its nominees) upon Completion as follows:–

(a) HK$140,000,000 in cash;

(b) HK$60,000,000 by the allotment and issue of 269,058,296 Consideration Shares at the issue price of HK$0.223 per Consideration Share; and

(c) HK$60,000,000 by the issue of Convertible Bonds at an initial conversion price of HK$0.25 per Conversion Share (subject to adjustment).

Further details of the Consideration Shares and Convertible Bonds are set out in the paragraph headed "Principal terms of the Consideration Shares" and "Principal terms of the Convertible Bonds" in this "Letter from the Board".

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor with reference to, inter alia, the financial performance and the growth prospects of the Dragon Group. In particular, the Board also considered factors, including (i) the Dragon Group has been profitable since its first year in operation; (ii) the management team of Dragon has extensive operating experience and industry expertise; and (iii) the other reasons as stated under "Reasons for the Acquisition" in this "Letter from the Board".

The Consideration represents a price to earnings ("P/E") ratio of approximately 23.6 times, which is based on the Consideration of HK$260,000,000 compared to the net profit of the Dragon Group for the 12 months ended 31 March 2014 of HK$11,007,000 (which is calculated based on the audited net profit of the Dragon Group for the 9 months ended 31 March 2014 and the net profit of the Dragon Group for the 3 months ended 30 June 2013 as extracted from its management account). For the purpose of accessing the fairness and reasonableness of the P/E ratio of the Consideration, the Board has, on its best effort, identified two comparable companies (the "Comparables") which (i) are listed in Hong Kong; (ii) has at least 50% of its revenue generated from valuation and advisory services; and (iii) respective revenue was generated from business operation located in Hong Kong or the PRC for the latest financial year. Of the two identified Comparables, the P/E ratios ranged from approximately 10.8 times to 26.7 times as at the date of the Sale and Purchase Agreement. In view of the limited number of Comparables, the Board, on its best effort, expanded the selection scope by including listed companies in other markets and identified two other comparable companies ("Other Comparables") which engaged in similar line of business as the Dragon Group in providing valuation services and project management services, these Other Comparables are listed on the London Stock Exchange and the New York Stock Exchange respectively. The P/E ratios of the Other Comparables ranged from approximately 19.8 to 32.5 times as at the date of the Sale and Purchase Agreement. As such, the Consideration, which is equivalent to a P/E ratio of approximately 23.6 times is within the range of the P/E ratios of the Comparables and at the lower end of the Other Comparables.

The following table summarises the details of the Comparables and the Other Comparables:

Comparables (stock code)	**Place of listing**	**Approximate P/E ratio** *(Note 1)*	**Principal businesses**
Roma Group Limited (8072 HK)	Hong Kong (GEM Board)	26.7	Provide asset appraisal services; asset advisory services; and corporate services and consultancy
GreaterChina Professional Services Limited (8193 HK)	Hong Kong (GEM Board)	10.8	Provision of valuation and advisory services and financing services
Other Comparables (stock code)	**Place of listing**	**Approximate P/E ratio** *(Note 1)*	**Principal businesses**
CBRE Group, Inc. (CBS US)	New York (NYSE)	32.5	Provide advice and execution assistance for property leasing and sales, forecasting and valuations
AMEC plc (AMEC LN)	London (LSE)	19.8	Provide consulting, engineering and project management services to energy, power and process industries
The Dragon Group's P/E ratio *(Note 2)*		**23.6**	

Notes:

1. P/E ratio of the Comparables and Other Comparables are calculated based on their respective closing price as at the date of the Sale and Purchase Agreement divided by their respective diluted earnings per share as extracted from their latest published audited annual results.

2. P/E ratio of the Dragon Group is calculated as the Consideration divided by the net profit of the Dragon Group for the 12 months ended 31 March 2014 (which is calculated based on the audited net profit of the Dragon Group for the 9 months ended 31 March 2014 and the net profit of the Dragon Group for the 3 months ended 30 June 2013 as extracted from its management account).

The Directors noted that the total number of Comparables and Other Comparables for the purpose of assessing the Consideration is relatively small given the limited number of listed companies it had been able to identify that engage in a business similar to that of the Dragon Group. The Directors are also aware of the considerable premium when comparing the Consideration of HK$260,000,000 with the combined net asset value of Dragon of approximately HK$15,000,000. However, as the Dragon Group is engaged in a service business, which is not an asset intensive business and the amount of fixed assets does not reflect the economic benefits of its earning capacity in which the value of the Dragon Group lies. Accordingly, the Board did not consider that the asset valuation approach to be relevant or appropriate in valuing the Dragon Group, as such, no valuation report has been prepared thereof. As noted above, the Consideration was primarily determined based on factors in addition to the P/E ratio of the Comparables and the Other Comparables which mainly served as a general reference of what market prices (as a multiple to earnings) public investors are prepared to pay for shares of public companies in a similar business.

Based on all of the above, the Board considers that the Consideration is fair and reasonable.

Conditions precedent

Completion is subject to the fulfillment (or waiver, as the case may be) of the following conditions precedent:–

(a) the Shareholders having approved the transactions contemplated under the Sale and Purchase Agreement and the Specific Mandate in the SGM having been obtained;

(b) the Listing Committee granting listing of and permission to deal in the Consideration Shares and the Conversion Shares (upon exercise by the holder of the Convertible Bonds of the Conversion Rights);

(c) the Purchaser being satisfied with the results of its due diligence review, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure, of each member of the Dragon Group being completed to the satisfaction of the Purchaser;

(d) the Key Employees having entered into the employment contracts for a period of not less than 3 years after Completion and otherwise on terms to the satisfaction of the Purchaser with Dragon (or such other member of the Dragon Group as the Purchaser may direct); and

(e) evidence to the satisfaction of the Purchaser that all receivables of the Dragon Group outstanding for more than 60 days as at 31 March 2014 have been recovered in full or otherwise in accordance with the repayment schedule disclosed to the Purchaser.

The conditions precedent (c), (d) and (e) above are capable of being waived by the Purchaser under the Sale and Purchase Agreement in order to maximise execution flexibility for the Purchaser. The Purchaser may consider exercising its discretion to waive in whole or in part all or any of conditions precedent (c), (d) and (e) above only in circumstances where the non-satisfaction of such conditions would not have any material adverse effect on the transactions contemplated under the Sale and Purchase Agreement. In particular:

- in connection with condition precedent (c) above, the Purchaser may decide to waive any aspect in the outcome of the due diligence that may not be entirely to its satisfaction but acceptable to it commercially. For example, if a non-compliance is identified and the Purchaser has ascertained with legal advisers that such non-compliance will not expose the Group to any risk of cessation of the mining consultancy business or be subject to fines which are material to the Group as a whole, the Purchaser may decide not to delay or refuse to proceed with Completion due only to the existence of such non-compliance; As at the Latest Practicable Date, the Purchaser has not identified any such material irregularities during the course of due diligence review.

- in connection with condition precedent (d) above, the Purchaser may consider waiving this condition in relation to any Key Employee (other than Mr. Chan) if, say, terms of the three year employment contracts cannot be agreed with one of them (other than Mr. Chan) and the Purchaser is reasonably satisfied that an appropriate replacement is available and/or there will not be any material impact on the continued performance of the Dragon Group.

- in connection with condition precedent (e), the Purchaser may consider waiving this condition if the amount of the receivables outstanding is minimal and that the Purchaser is reasonably satisfied that the write off of such amount would not impose any adverse effect on the financial condition of the Dragon Group.

If the above conditions have not been fulfilled (or waived by the Purchaser) on or before the Long Stop Date, the rights and obligations of the parties of the Sale and Purchase Agreement shall lapse and be of no further effect except for antecedent breach of any obligations of any parties thereof.

As regard of condition precedent (c), certain issues that have been identified in due diligence before the signing of the Sale and Purchase Agreement have been addressed by the introduction of condition precedent (e) or in the deed of indemnity referred to in the section headed "Completion" in this "Letter from the Board". As at the Latest Practicable Date and based on information then known to the Purchaser, the Purchaser does not intend to waive any of the conditions precedent (d) and (e) above. Accordingly, the Purchaser considers that it would be fair and reasonable and in the interests of the Company and its Shareholders as a whole to proceed with the Acquisition on this basis.

Completion

Completion shall take place on or before the third Business Day after the last of the conditions precedent (a), (b), (d) and (e) above have been fulfilled and on condition that condition precedent (c) shall remain fulfilled and satisfied on Completion (unless waived by the Purchaser) or such other date as may be agreed between the Vendor and the Purchaser in writing.

At Completion, the Vendor and the Guarantor are required, among other things, to deliver a deed of indemnity on customary terms in relation to:—

(a) undisclosed losses incurred or which may be incurred by the Company or any member of the Target Group from undisclosed taxation liabilities falling on the Target Group arising from any event or matter prior to the date of Completion; and any acquisition(s) by any member of the Target Group of equity interest in another member of the Target Group at any time prior to the date of Completion and the tax liabilities arising therefrom;

(b) liabilities arising out of any proceeding, suit or action that may be commenced by or against the Company or the Target Group after the date of Completion but in respect of any act, omission or transaction before the date of Completion, including any non-compliance with the Companies Ordinance (Cap. 622 of the Law of Hong Kong) (including its predecessor Companies Ordinance (Cap. 32 of the Law of Hong Kong)) or any compliance issues that may arise from the temporary office sharing arrangements in Kazakhstan; and

(c) all costs that the Company and/or the Target Group may incur in connection with settlement and/or enforcement of claims or proceedings in favour of the Company and/or the Target Group under such deed of indemnity.

The indemnity has to be settled in cash by the Vendor and the Guarantor in the full amount of the liabilities.

During the course of due diligence review, the Purchaser has identified that a member of the Dragon Group did not table its audited financial statements before its shareholders in an annual general meeting (which has since identified been done) and that the Dragon Group had the temporary use of an office in Kazakhstan which was not the subject of further due diligence investigation given that the core operations (and related income) of the Dragon Group are generated outside of that country. The Purchaser considered that an indemnity described in paragraph (b) above to be adequate to cover potential (as yet unidentified) risks relating to the foregoing should be adequate given that neither is expected to create any material and adverse operational or financial implications to the Dragon Group.

Termination

If at any time before Completion:—

(a) any breach of the representations, warranties and undertakings on the part of the Vendor given, comes to the notice of the Purchaser; or

(b) any of the Vendor or the Guarantor is in material breach of any obligation on its/his part under the Sale and Purchase Agreement; or

(c) anything occurs which constitute, or is likely to constitute, a Material Adverse Change,

then, but without prejudice to any other rights or remedies available to the Purchaser, the Purchaser may without any liability to the Vendor elect not to complete the purchase of the Sale Assets by giving notice in writing to the Vendor.

PRINCIPAL TERMS OF THE CONSIDERATION SHARES

HK$60,000,000 of the Consideration is to be satisfied by the allotment and issue of an aggregate of 269,058,296 Consideration Shares by the Company at the issue price of HK$0.223 per Consideration Share to the Vendor (or its nominees) upon Completion. The issue price of HK$0.223 per Consideration Share represents:–

(i) a discount of approximately 10.8% to the closing price of HK$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 11.9% to the average closing price of approximately HK$0.253 per Share for the last five trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 10.4% to the average closing price of approximately HK$0.249 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and

(iv) a premium of approximately 1.4% over the closing price of HK$0.22 per Share as at the Latest Practicable Date.

The issue price of each Consideration Share was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into account the prevailing market price of the Shares and the financial position of the Company as at 31 March 2014.

The Consideration Shares represent:–

(i) approximately 20.0% of the existing issued share capital of the Company as at the Latest Practicable Date;

(ii) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and

(iii) approximately 14.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds in full.

The Consideration Shares, when issued upon Completion, will rank pari passu in all respects with the existing Shares in issue. The Consideration Shares and any Conversion Shares issued upon conversion of the Convertible Bonds are subject to non-disposal undertakings for a period of 180 days from Completion. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds to be issued upon Completion.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are as follows:

Issuer:	The Company
Principal Amount:	HK$60,000,000
Maturity Date:	The day before the third anniversary of the first issue date of the Convertible Bonds
Redemption Amount:	100% of the principal amount
Conversion Price:	HK$0.25 per Conversion Share (subject to adjustments as stated below)
Conversion Period:	From the issue date of the Convertible Bonds up to and including the date which is 7 days prior to the Maturity Date
Conversion Rights:	The holder of the Convertible Bonds shall, subject to compliance with the procedures set out in the conditions to the Convertible Bonds, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into Conversion Shares, provided further that any conversion shall be made in amounts of not less than a whole multiple of HK$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted

Conversion Adjustments: The conversion price may be adjusted upon occurrence of any of the following events:—

(i) an alteration to the nominal value of the Shares as a result of consolidation or subdivision or reclassification;

(ii) any issue of Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves, other than Shares issued in lieu of the whole or part of a cash dividend;

(iii) the payment or making of any capital distribution to the Shareholders;

(iv) the offer to Shareholders of Shares or any securities convertible into or carrying right to subscribe for Shares by way of rights, or the issue of any Shares or securities convertible into or carrying rights to subscribe for new Shares at a price or total effective price per Share which is less than 80% of the market price on the date of the announcement of the terms of the offer or grant;

(v) any issue of Shares for an acquisition of asset(s) at a total effective consideration per Share which is less than 80% of the market price on the date of announcement of the terms of such issue; and

(vi) any other event which a financial adviser (being either an investment bank or the auditor of the Company) certifies to warrant an adjustment which is fair and reasonable to take into account thereto to reflect the intentions of the above conversion adjustments.

The formulae for adjustments are in line with those commonly used in convertible bonds to reduce the conversion price by dilutive effect on share price of those events described above (except in the case of consolidation and sub-division, where adjustments are proportionate to the decrease/increase in number of Shares).

Ranking:	The Convertible Bonds will rank pari passu among themselves. The Conversion Shares, when issued, will rank pari passu with the Shares then in issue
Transferability:	None of the Convertible Bonds (or any part thereof) is capable of being assigned or transferred without the prior written consent of the Company. Subject to such consent being given, any transfer of the Convertible Bonds shall be of the whole or any part (in an integral multiple of HK$1,000,000) of the outstanding principal amount of the Convertible Bonds
Voting Rights:	The Convertible Bonds do not confer any voting rights
Listing:	The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon exercise of the Conversion Rights No listing of the Convertible Bonds on the Stock Exchange or any other exchanges will be sought

The Convertible Bonds are convertible into Conversion Shares at the initial conversion price of HK$0.25 per Conversion Share (subject to adjustments), represents:–

(i) the same price as the closing price of HK$0.25 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 1.2% to the average closing price of approximately HK$0.253 per Share for the last five trading days immediately prior to and including the Last Trading Day;

(iii) a premium of approximately 0.4% over the average closing price of approximately HK$0.249 per Share for the last ten trading days immediately prior to and including the Last Trading Day; and

(iv) a premium of approximately 13.6% over the closing price of HK$0.22 per Share as at the Latest Practicable Date.

The conversion price was arrived at after arm's length negotiations between the Purchaser and the Vendor, after taking into account the prevailing market price of the Shares and the financial position of the Company as at 31 March 2014.

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the conversion price of HK$0.25, the Company will issue an aggregate of 240,000,000 Conversion Shares (subject to adjustment), which represent:

(i) approximately 17.8% of the existing issued share capital of the Company as at the Latest Practicable Date; and

(ii) approximately 12.9% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion of the Convertible Bonds in full.

SPECIFIC MANDATE

The Consideration Shares and Conversion Shares upon conversion of the Convertible Bonds will be issued and allotted pursuant to the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Shareholders at the SGM to issue and allot the Consideration Shares and Conversion Shares upon conversion of the Convertible Bonds.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Details of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon issue of the Consideration Shares; and (iii) upon the issue of the Consideration Shares and full conversion of the Convertible Bonds (assuming there is no other change in the share capital of and shareholding in the Company, from the Latest Practicable Date to Completion) are set out below:–

	As at the Latest Practicable Date		Upon issue of Consideration Shares		Upon issue of Consideration Shares and full conversion of the Convertible Bonds	
	Shares	*%*	*Shares*	*%*	*Shares*	*%*
Vendor	—	—	269,058,296	16.66%	509,058,296	27.44%
Ding Yi	402,445,296	29.90%	402,445,296	24.92%	402,445,296	21.70%
C.L Davids Fond og Samling	106,178,010	7.89%	106,178,010	6.57%	106,178,010	5.72%
United Overseas Bank Limited	69,457,701	5.16%	69,457,701	4.30%	69,457,701	3.75%
Subtotal	578,081,007	42.95%	847,139,303	52.45%	1,087,139,303	58.61%
Public Shareholders	767,857,941	57.05%	767,857,941	47.55%	767,857,941	41.39%
Total	**1,345,938,948**	**100.00%**	**1,614,997,244**	**100.00%**	**1,854,997,244**	**100.00%**

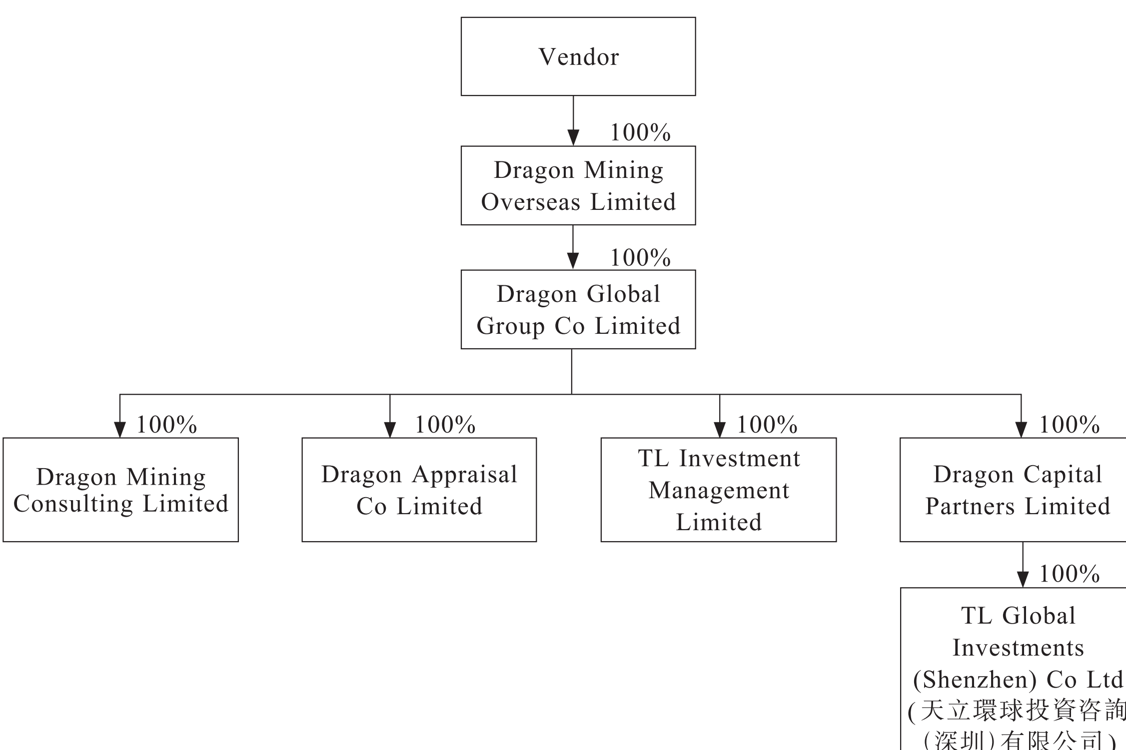
On the basis that Ding Yi and the Vendor are and remain parties who are not acting in concert with each other with respect to the Company for the purposes of the Takeovers Code and based on the table above and related assumptions, the issue of the Consideration Shares and the full conversion of the Convertible Bonds will not result in a change in control of the Company. In this regard, the Vendor will not, based on the table above and related assumptions, acquire 30% or more voting rights in the Company solely by acquisition of the Consideration Shares and the Conversion Shares.

INFORMATION ON THE DRAGON GROUP

Dragon is incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor.

The principal business of the Dragon Group is the provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. It aims to provide one-stop mining services to mines (mainly in Central Asia and Southwest Asia) in each and every stage of their life cycle and support, by sourcing through their technical consultation services, of high potential investment opportunities relating to mining, oil and gas and their associated technologies for investors (mainly in mainland China).

Set out below is the shareholding structure of the Dragon Group as at the Latest Practicable Date:–



Key Operations of the Dragon Group

(a) Mining Exploration and Exploitation Advisory Services

The Dragon Group provides site management and advisory services to act as a bridge between local teams that perform exploration, drilling and mine planning works, and international mining consultants for analysis and compilation of international standard evaluation reports.

(b) Valuation and Other Services

The Dragon Group provides valuation, resource/reserve estimation, feasibility study, and evaluation services on technical due diligence, etc. that comply with the account and listing requirements for investment decision, project management, accounting reference and public disclosure purpose.

Financial Information of the Dragon Group

The audited consolidated financial information of the Dragon Group, as extracted from Appendix II of this circular, for the period ended 30 June 2013 and 31 March 2014 are set out as follows:–

	For the period from 1 Jul 2013 to 31 Mar 2014	**For the period from 21 Feb 2012 to 30 Jun 2013**
	HK$'000	*HK$'000*
Revenue	28,982	28,701
Net profit before tax and extraordinary items	12,034	3,329
Net profit after tax and extraordinary items	11,671	3,329

Note: Due to the change of the financial year end date of the Dragon Group from 30 June to 31 March in order to be co-terminus with its ultimate holding company, the consolidated financial statements covered a 9-month period from 1 July 2013 to 31 March 2014 and the comparative amounts cover approximately a 17-month period from 21 February 2012 (the date of incorporation of the Dragon Group's earliest established subsidiary) to 30 June 2013 and the figures are not entirely comparable.

The net asset value of the Dragon Group as at 31 March 2014 amounted to approximately HK$15.0 million, while net asset value of the Dragon Group as at 30 June 2013 amounted to approximately HK$3.3 million.

Management of the Dragon Group

There is set out below, information regarding the existing directors of the Dragon Group and the Key Employees (other than Mr. Chan who is a director) all of whom have indicated, based on discussions with the Purchaser as at the Latest Practicable Date, that they will enter into service or employment contracts (as the case may be) with the Dragon Group for a period of three years from Completion.

Directors of the Dragon Group

***Mr. Jacky Chan Sik Lap** — CEO & President*

Mr. Jacky Chan Sik Lap, aged 33, was appointed as an executive director of the Dragon Group on 21 February 2012 (being the date of incorporation of the Group's earliest established subsidiary). Mr. Chan is the founder of the Dragon Group and has been leading the Group with regard to its overall development and business strategy.

Mr. Chan has around 10 years of experience in mineral exploration and mining. He has been involving in exploration, mine management, consulting and valuation in Kazakhstan, Indonesia, Australia, China, Mongolia, Russia Far East, Canada, South Africa, the Philippines, Laos, Cambodia and Tajikistan.

Mr. Chan graduated from the University of Hong Kong with Bachelor of Science and Master of Philosophy (Earth Sciences) in September 2004. Mr. Chan is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscience (AIG), both of which are professional associations recognized under JORC Code. Mr. Chan is also the founding committee of AusIMM Hong Kong branch, the founding vice-chairman of Hong Kong Mining Investment Professional Association (HKMIPA), a member of the Society of Economic Geologists (SEG) and the Hong Kong Energy and Minerals United Associations (EMUA) and a guest lecturer in the University of Hong Kong for courses related to mining industry.

Prior to founding the Dragon Group, Mr. Chan held senior positions at various international firms as geologist, manager and consultant. He was the head of Mine of Jones Lang LaSalle Sallmanns Ltd, a technical director and principal geologist of BMI Technical Consulting (Resources) Ltd, a technical director of AsiaMin Consulting Ltd and the vice-president (Exploration & Production) of RH Mining Resources Ltd. He is currently the CEO of International Resources Group, which owns a near-term production gold mine in Kazakhstan, and is a member of the strategic advisory board of a resource and technology fund.

Mr. Chan has not held any directorship in any public listed company in the past three years.

Mr. Chan's principal responsibility as a director of the Dragon Group is (and will be after Completion) to oversee the strategic planning, business development and overall management.

***Mr. Grant Thomas** — Managing Director*

Mr. Grant Thomas, aged 57, was appointed as an executive director of the Dragon Group on 30 December 2013. Mr. Thomas has over 30 years of experience in exploration and resource estimation. He has been involved in mining projects in Australia, China, South Africa, Tajikistan, Kazakhstan, Kyrgyz Republic, Brazil, Mongolia and Southeast Asia, which include mineral mines such as gold, copper, lead, zinc, uranium, coal, iron, phosphate, diamond, and fluorite.

Mr. Thomas graduated from the University of Adelaide with Bachelor of Science in 1981. He is also a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Australian Institute of Geoscience (AIG), both of which are professional associations recognized under JORC Code. Mr. Thomas is a competent person under Chapter 18 of the Listing Rules and has provided consultation services to Hong Kong listed mining corporates, such as Kaisun Energy Group Limited (stock code: 8203) as disclosed in its circular dated 6 October 2011. He has completed technical and valuation reports for numerous projects in Inner Mongolia, Xinjiang and Tajikistan, including preparation of JORC-compliant reports in coal, gold and iron.

Mr. Thomas was the managing director of Tianshan Goldfields Limited, a company listed on the Australian Securities Exchange (ASX) (ASX-TGF), from 2004 to 2009. He led his team to the discovery of a deposit with 24,000 ounces of gold in Xinjiang, China and completed the relevant resources estimation and preliminary feasibility study. Prior to joining Tianshan Goldfields Limited, Mr. Thomas held senior positions in various global resources companies, including Rio Tinto (Australia, Brazil and China), CSA, Hamersley Iron Resources. Mr. Thomas was the managing director of Celsius Coal Limited, a company listed on the ASX (ASX — CLA), from 2012 to 2013. Mr. Thomas has been the managing director of ActivEx Limited, a company listed on the ASX (ASX-AIV), since February 2013.

Acting as the principal geologist of the Dragon Group, Mr. Thomas oversees and will continue after Completion to oversee all geological works in the Dragon Group.

Mr. Leung Kar Fai *— Director*

Mr. Leung Kar Fai, aged 35, was appointed as an executive director of the Dragon Group on 30 December 2013. Mr. Leung has around 10 years of extensive experience in exploration and mining project valuation. He is a geologist in several listed companies, including Behre Dolbear & Company INC., Sino Prosper State Gold Resources Holdings Limited and Companhia Valedo Rio Doce.

Mr. Leung has taken part in a number of local and overseas mineral and energy projects in the PRC, Mongolia, Yemen, Madagascar, the Philippines and Indonesia, and was responsible for supervising geological and technical work and formulating company policies.

Graduated from the University of Hong Kong with Bachelor of Science and Master of Philosophy (Earth Sciences) in September 2004, Mr. Leung is also the author of numerous academic works in relation to geology in the PRC. He is a member of the Australasian Institute of Mining and Metallurgy (AusIMM), a member of the executive committee of Hong Kong Geological Society and a founding member and chairman of Hong Kong Mining Investment Professional Association (HKMIPA).

Mr. Leung has not held any directorship in any public listed company in the past three years.

Mr. Leung oversees and will continue to oversee after Completion Dragon Group's business development in Hong Kong.

Dr. Wang Wei-Liang *— Director*

Dr. Wang Wei Liang, aged 36, was appointed as an executive Director of the Dragon Group on 30 December 2013. Dr. Wang has around 10 years' experience in exploration and mining industry. He worked as a senior geologist and a consultant at various mining investment companies in the PRC and Canada, during which, he was responsible for the exploration, management and evaluation of various mining projects. He has been the vice-president (Exploration) of Jien Nunavik Mining Exploration Ltd since 2011 and used to be the exploration manager of Canadian Royalties Inc., project manager of China Railway Resources Group, and senior geologist of Teck Resources.

Dr. Wang completed his Doctor degree of Philosophy (Ph.D) in Regional Geology from the University of Hong Kong and his research covered Geochemistry, Geothermobarometry, and Geochronology of the metamorphic rocks within the Bangong-Nujiang ophiolites, central Tibet, China. Dr. Wang also obtained the master degree in Structural Geology from Peking University in 2004 and the double bachelor degrees from China University of Geosciences (Wuhan) in 2001. As a member of the Association of Professional Geoscientists of Ontario (APGO) and Australasian Institute of Mining and Metallurgy (AusIMM), Dr. Wang is familiar with rules and regulations of Toronto Stock Exchange and Australian Securities Exchange.

Dr. Wang has not held any directorship in any public listed company in the past three years.

Dr. Wang helps and will continue to help after Completion the Dragon Group to develop business in the PRC and in the United States of America.

Key Employees of the Dragon Group

Ms. Angel Chan On Kee

Ms. Angel Chan On Kee, aged 34, joined the Dragon Group in April 2012 and became General Manager Indonesia in January 2013. Ms. Chan has taken part in Dragon Group's major mineral projects in different regions, and is also responsible for supervising geological and technical work, as well as mining management of exploration and mining projects in Indonesia.

After completion of her Bachelor of Science and Master of Philosophy from the University of Hong Kong in 2005, involving a research in Regional Geology, Sedimentology, Geochemistry and Geochronology of southern Tibet, China, Ms. Chan has around 6 years of experience in geology, mineral exploration and mining.

Ms. Chan has not held any directorship in any public listed company in the past three years.

Ms. Chan principally oversees and will continue to oversee after Completion Dragon Group's projects and business development in Indonesia.

Dr. Ma Shing Ka'i George

Dr. Ma Shing Ka'i George, aged 33, joined the Dragon Group as an Exploration Manager in March 2013 and later became the head of the technical department of the Dragon Group. Being a member of the Australasian Institute of Mining and Metallurgy (AusIMM), Dr. Ma has 10 years of combined research and industrial experience in geology and mineral exploration. He has researched and worked on various precious and base metal commodities, including platinum-group and so on, in Cyprus, Cambodia, China, Indonesia, Kazakhstan and Russia.

Prior to joining the Dragon Group, Dr. Ma was a geologist at an Australian exploration company in Cambodia in 2010, and held research positions at the University of Hong Kong and the largest research institute in Taiwan between 2010 and 2013. He obtained his Bachelor degree in Earth Sciences at the University of Hong Kong in 2005, and subsequently Doctor degree of Philosophy (Ph.D) in tectonics and geochemistry through his award-winning research in Syria at the same university in 2010. Dr. Ma's research is internationally recognized through his many publications in highly ranked journals on topics related to the geology of China, India and Syria.

Dr. Ma has not held any directorship in any public listed company in the past three years.

Dr. Ma manages and oversees and will continue to manage and oversee after Completion all aspects of Dragon Group's technical operations worldwide with a key focus in Central Asia, and provides technical inputs and evaluations to the Group's projects.

Ms. Xu Yi Jie Carina

Ms. Xu Yi Jie Carina, aged 31, joined the Dragon Group in January 2013 as the Financial Controller. Ms Xu is a certified public accountant with approximately 8 years' experience in accounting, auditing and financial management.

Ms. Xu obtained dual bachelor's degrees of Management and Arts from Shanghai University of Finance and Economics in 2006 and she is a member of the Chinese Institute of Certified Public Accountants (CICPA) and the Association of Chartered Certified Accountants (ACCA). She worked initially in the field of audit at an international accounting firm in Shanghai, Singapore and Hong Kong with rich experience in finance reporting in a wide array of industries with different reporting standards before joining the Dragon Group.

Ms. Xu has not held any directorship in any public listed company in the past three years.

Ms. Xu supervises all financial management duties and monitors the Human Resources and Administration of the Dragon Group and will continue to do so after Completion.

In addition to the Dragon Group's existing management, the Board plans to redeploy part of the Group's management resources to the Dragon Group to expand the current management team of Dragon after Completion, in order to improve the depth and breadth of the management team of Dragon and reduce dependence on Key Employees. In another hand, the Board will also be actively reviewing the compensation and performance of the Key Employees to ensure their competiveness. With the right remuneration package balanced between reward and performance, the Board considers that the risk of Key Employees departing upon expiry of their new 3 years' employment contract ends to be relatively low.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, Dragon will become a wholly-owned subsidiary of the Group and all the profit and loss and assets and liabilities of the Dragon Group will be consolidated to the financial statements of the Group. Set out below is a summary of the unaudited pro forma financial information of the Group before Completion and the Enlarged Group after Completion, prepared on the basis set out in Appendix III to this circular:

	The Group Prior to Completion	**Enlarged Group After Completion**
	HK$'000	*HK$'000*
Total Assets	1,115,285	1,252,499
Total Liabilities	122,753	199,967
Net Assets	992,532	1,052,532

In light of the future prospects of the Dragon Group, the Directors are of the view that the Acquisition would likely to have a positive impact on the future turnover and earnings of the Enlarged Group. The total assets of the Enlarged Group as at 31 March 2014 will increase from approximately HK$1,115.3 million to approximately HK$1,252.5 million, while total liabilities of the Enlarged Group as at 31 March 2014 will increase from approximately HK$122.8 million to approximately HK$200.0 million, as a result of the Acquisition.

Shareholders should note that since the fair value of the assets and liabilities of the Dragon Group may be different at Completion as compared to their respective values used in the preparation of the unaudited pro forma financial information of the Enlarged Group, the actual amounts of assets and liabilities, and the goodwill, to be recorded in the financial statements of the Group may be different from the estimated amounts shown in Appendix III to this circular. The goodwill recorded upon Completion and attributable to the Dragon Group will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and any deterioration in the future performance of the Dragon Group may lead to an impairment of such goodwill which can have a negative impact on the financial performance of the Enlarged Group.

As the above information is for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the results and financial position of the Enlarged Group for any future financial periods or dates.

REASONS FOR THE ACQUISITION

The Group invests in various businesses, and at present its major subsidiary is principally engaged in trading of surface mount technology assembly equipment and provision of related services.

As disclosed in the annual report of the Company for the year ended 31 March 2014, the disposal of fishmeal and branded food businesses enables the Group to explore new investments to enhance Shareholder's value. The disposal not only freed up management time and resources, but more importantly freed up valuable capital. As reported in annual report of the Company for the year ended 31 March 2014, the Company had HK$572.5 million cash or cash equivalent on hand, which represents approximately 58% of total equity or approximately 93% of total net tangible assets. In order to provide better return and better diversification to Shareholders, the Board decided to considers further investment in emerging companies with strong potential.

The Dragon Group is a profitable service business managed by dedicated professionals that offers high growth prospects. Even though Dragon Group is relatively new in set up, since 21 Feb 2012, it is founded by a group of experienced and dedicated professionals, who have many years of experience in the industry. The senior team members have at least 10 years of experience through various international mining consulting and mining companies. Dragon Group was involved in over 28 projects and had over 18 clients since its incorporation and as illustrated in the financial information of the Dragon Group of the circular, the Dragon Group has been profitable since its first year in operation. Dragon Group currently has 6 active projects and has 10 projects in the future pipeline.

As a professional services provider, the Dragon Group is generally retained on a project by project basis for periodic reporting purposes or which on average takes six to twelve months to complete, or on a fixed term (up to three years, covering planned exploitation/exploration periods of the client) retainer in respect of services provided from time to time during the period.

In addition, Dragon Group's area of expertise is especially beneficial to the Group based on the following factors:—

1. The barrier of entry of mining consulting business is high in Hong Kong/the PRC due to the specialized professional nature of this business, and there being only a few established mining consultants based in Hong Kong due the emerging nature of mining exploration industry in Asia;

2. The Board is optimistic about future economic growth in mining industry due to the recent quantitative easing by the Federal Reserve and the ongoing market reforms by the PRC; which the Company believes can ultimately drive a new round of mining exploration and exploitation; and provide the foundation for future growth of the Dragon Group;

3. Acquiring the Dragon Group is expected not only to provide a source of revenue directly from the existing business model of the Dragon Group, but also can provide insight and gain potential investment opportunities for the Company throughout the mining industry chain. Dragon Group's expertise will be valuable in assist evaluating and managing those opportunities if and when they arise; and

4. The Company can, if and when it considers appropriate, offer additional access to capital for the Dragon Group which can give the Dragon Group's team of professionals additional resources to better leverage their skill sets, expand their current business and set themselves apart from their key competitors for the future benefit of the Group. However, the Company has no obligation under the Sale and Purchase Agreement or otherwise to provide any capital to the Dragon Group.

Having considered the abovementioned factors and the basis of arriving the Consideration above, the Directors are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios (calculated according to the GEM Listing Rules) of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under the GEM Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting for the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated under the Sale and Purchase Agreement and the Specific Mandate.

SGM

The SGM will be convened and held for the Shareholders at Admiralty Conference Centre, 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 August 2014 at 10:00 a.m. to consider and, if thought fit, to approve the Acquisition and the transactions contemplated thereunder, including the issue and allotment of Consideration Shares and issue of the Convertible Bonds together with the allotment and issue of the Conversion Shares pursuant to the exercise of the Conversion Rights under the Specific Mandate. No Shareholder is required to abstain from voting in favour of the resolutions to be proposed in the SGM.

A notice convening the SGM is set out on pages 93 to 94 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment thereof (as the case may be) should you so wish.

RECOMMENDATION

The Directors consider the Acquisition and the transactions contemplated thereunder, including but not limited to the issue of the Consideration Shares and the Convertible Bonds are in the opinion of the Directors fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions at the SGM.

Yours faithfully,
On behalf of the Board
NORTH ASIA STRATEGIC HOLDINGS LIMITED
Ding Yi
Chairman and Executive Director

1. FINANCIAL SUMMARY

The audited financial information of the Group for (i) the year ended 31 March 2012 is disclosed in pages 45 to 175 of the annual report of the Company for the year ended 31 March 2012 dated 14 June 2012; and (ii) the year ended 31 March, 2013 is disclosed in pages 51 to 184 of the annual report of the Company for the year ended 31 March 2013 dated 19 June 2013; and (iii) the year ended 31 March 2014 is disclosed in pages 47 to 160 of the annual report of the Company for the year ended 31 March 2014 dated 11 June 2014. All of which have been published on the Stock Exchange's website (www.hkexnews.hk) and the website of the Company (www.nasholdings.com).

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2014, being the latest practicable date for the purposes of this statement of indebtedness prior to the printing of this circular, the Group's aggregate outstanding borrowings were as follows:

	Balance as at 31 May 2014 *HK$'million*
Secured bank borrowings	
Bank loans *(Note)*	2
Total borrowings	2

The bank loans bore interest rate of HIBOR plus 1.5% per annum.

Note: These borrowings were secured by guarantees provided by the Company and the Government of Hong Kong Special Administrative Region.

Contingent liabilities

As at the close of business on 31 May 2014, the Directors considered there were no material contingent liabilities for the Group and the Company.

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 May 2014, the Group did not have any loan capital issued and outstanding or agreed to be issued, 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 other finance lease commitments, guarantees or other contingent liabilities.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 31 May 2014 and up to the Latest Practicable Date.

3. WORKING CAPITAL OF THE GROUP

The Directors are satisfied after due and careful enquiry that taking into account the expected completion of Acquisition, the present internal financial resources of the Enlarged Group and the available banking facilities, in the absence of unforeseen circumstances, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there is no material adverse change in the financial or trading position or outlook of the Group since 31 March 2014 (being the date to which the latest published audited financial statements of the Group were prepared) and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The Group is principally engaged in trading of surface mount technology assembly equipment and provision of related services, which is operating through its wholly-owned subsidiary, Amercian Tec Company ("Amercian Tec"). Following the introduction of 4G-LTE network in China in December 2013, the Directors expect to see a surge in demand for 4G mobile devices. The Directors expect that, American Tec, the hi-tech distribution division's customers in China will need to upgrade their production lines with more advanced equipment in order to meet the manufacturing needs of next generation mobile devices and tablets. In year 2013, Fuji introduced the new generation NXTIII pick & place machine, which runs at higher efficiency, higher accuracy and lower cost of ownership. The Directors believe this will stimulate the Group's customers' demand for upgrading their equipment to achieve higher productivity and cost efficiency under current demanding manufacturing environment.

Based on the above, American Tec will continue to expand its product offering and service coverage, improve customer satisfaction through enhancement of its CRM system and aim at seizing larger market share. American Tec also plans develop new services and software business in order to better leverage its existing sales network. At the same time, American Tec will closely monitor its working capital, gross profit margin, operating costs and foreign exchange risk with a view to protect its cash flow and profitability.

Since the disposal of fishermeal and branded food business, the Group has been seeking potential investment opportunities in various industries that can add diversifications to the Group's current portfolio of investments and improve Shareholders' value and effectively manage, deploy and apply available cash resources to meet operational and investment needs and for the benefit of its Shareholders as a whole. The investment in the Dragon Group can provide diversification of the Group's business, boarder its income source and, at the same time, improve the Group's overall profitability by expending into the mining consulting business.

The Directors are confident that the Acquisition can capture on Dragon Group's prospect as mentioned in the "Letter from the Board" in this circular and benefit the Group's long term sustainable growth, as well as create long term value for the Shareholders.

Upon Completion, the Enlarged Group will continue to explore other investment opportunities to enhance its business scale to broaden the income source of the Group.

As at the Latest Practicable Date, the Company has no intention of disposing of or downsizing its assets or operations of its existing businesses, while the Company continues to consider a range of different investment opportunities from Independent Third Parties, they are generally at preliminary stage and no decision has as yet been made to pursue any such opportunities.

1. ACCOUNTANTS' REPORT OF THE DRAGON GROUP

The following is the text of a report received from the reporting accountants, Mazars CPA Limited, for incorporation in the circular.

MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.cn

24 July 2014

The Directors
North Asia Strategic Holdings Limited
Suite 1318, 13/F, Two Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Dragon Mining Overseas Limited (the "Target Company") and its subsidiaries (together, the "Target Group") (the "Financial Information") for inclusion in the circular of North Asia Strategic Holdings Limited (the "Company") dated 24 July 2014 (the "Circular") in connection with the proposed acquisition of 100% interest of the Target Group as disclosed in the Company's announcement dated 13 June 2014. The Financial Information comprises the combined statements of financial position of the Target Group at 30 June 2013 and 31 March 2014, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Target Group for the periods from 21 February 2012 to 30 June 2013 and from 1 July 2013 to 31 March 2014 (the "Relevant Periods"), a summary of significant accounting policies and other explanatory information.

The Target Company was incorporated in the British Virgin Islands on 31 October 2013 as a limited liability company under the British Virgin Islands Business Companies Act, 2004. Pursuant to a group reorganisation (the "Reorganisation") completed on 21 May 2014, the Target Company became the holding company of the subsidiaries now comprising the Target Group, details of which are set out in Note 1(b) of Section B below. The Target Company has not carried on any business since the date of its incorporation, save for the Reorganisation.

At the date of this report, no audited financial statements have been prepared for the Target Company as it is not subject to statutory audit requirements under the rules and regulations in its jurisdiction of incorporation. Saved as set out in Note 1(a) of Section B below, no audited financial statements have been prepared for other companies comprising the Target Group.

The director of the Target Company has prepared the combined financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with the same basis in respect of the preparation of the Financial Information as set out in Section B below. The Underlying Financial Statements were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information has been prepared by the director of the Target Company for inclusion in the Circular in connection with the Company's acquisition of 100% interest of the Target Group based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The director of the Target Company is responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the director of the Target Company determines is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline No. 3.340 "*Prospectuses and the Reporting Accountant*" issued by the HKICPA. We have not audited any financial statements of the Target Group in respect of any period subsequent to 31 March 2014.

OPINION

In our opinion, the Financial Information, for the purpose of this report and prepared on the basis as set out in Section B below, gives a true and fair view of the state of affairs of the Target Group at 30 June 2013 and 31 March 2014 and of the Target Group's results and cash flows for the Relevant Periods in accordance with the basis of presentation and accounting policies as set out in Section B below which are in conformity with HKFRSs.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

A. FINANCIAL INFORMATION

Combined Statements of Comprehensive Inome

	Section B *Note*	Period from 21 February 2012 to 30 June 2013 *HK$'000*	Period from 1 July 2013 to 31 March 2014 *HK$'000*
Revenue	*3*	28,701	28,982
Other income		7	—
Depreciation and amortisation		(319)	(528)
Staff costs	*5(b)*	(7,439)	(6,015)
Other expenses		(17,611)	(10,397)
Finance costs	*5(a)*	(10)	(8)
Profit before tax	*5*	3,329	12,034
Income tax expense	*8*	—	(363)
Profit for the period		3,329	11,671
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on consolidation		—	1
Total comprehensive income for the period		3,329	11,672

Combined Statements of Financial Position

	Section B *Note*	**At 30 June 2013** *HK$'000*	**At 31 March 2014** *HK$'000*
Non-current assets			
Property, plant and equipment	*10*	1,634	1,530
Intangible assets	*11*	252	376
		1,886	1,906
Current assets			
Trade and other receivables	*12*	1,808	23,730
Bank balances and cash		534	730
		2,342	24,460
Current liabilities			
Other payables	*13*	762	10,892
Obligation under a finance lease	*14*	37	39
Tax payable		—	363
		799	11,294
Net current assets		1,543	13,166
Total assets less current liabilities		3,429	15,072
Non-current liabilities			
Obligations under a finance lease	*14*	100	70
NET ASSETS		3,329	15,002
Capital and reserves			
Share capital	*15*	—	1
Reserves		3,329	15,001
TOTAL EQUITY		3,329	15,002

Combined Statements of Changes in Equity

	Share capital	Exchange reserve	Accumulated profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 21 February 2012	—	—	—	—
Profit and total comprehensive income for the period	—	—	3,329	3,329
At 30 June 2013 and 1 July 2013	—	—	3,329	3,329
Profit for the period	—	—	11,671	11,671
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss				
Exchange difference on consolidation	—	1	—	1
Total comprehensive income for the period	—	1	11,671	11,672
Transactions with owners:				
Shares issued on incorporation	1	—	—	1
At 31 March 2014	1	1	15,000	15,002

Distributable reserves

The Target Company was incorporated on 31 October 2013 and has not carried on any business since incorporation save for the reorganisation as set out in Note 1(b) of Section B below. Accordingly, there is no reserve available for distribution to its equity owners at 31 March 2014. For the Target Group as a whole, in the opinion of the director, the reserves of the Target Group available for distribution to shareholders amounted to approximately HK$3,329,000 and HK$15,000,000 at 30 June 2013 and 31 March 2014, respectively.

Combined Statements of Cash Flows

	Period from 21 February 2012 to 30 June 2013	Period from 1 July 2013 to 31 March 2014
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before tax	3,329	12,034
Amortisation	51	54
Depreciation	268	474
Loss on disposal of property, plant and equipment	79	—
Interest expense	10	8
Change in working capital:		
Trade and other receivables	(1,808)	(21,922)
Other payables	762	10,130
Cash generated from operations	2,691	778
Interest paid	(1)	—
Net cash from operating activities	2,690	778
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,981)	(370)
Purchase of intangible assets	(303)	(178)
Net cash used in investing activities	(2,284)	(548)
FINANCING ACTIVITIES		
Inception of a finance lease for the addition of property, plant and equipment	160	—
Repayment of obligations under a finance lease	(32)	(36)
Issue of shares	—	1
Net cash from (used in) financing activities	128	(35)
Net increase in cash and cash equivalents	534	195
Cash and cash equivalents at beginning of period	—	534
Effect of exchange rate changes	—	1
Cash and cash equivalents at end of period, represented by bank balances and cash	534	730

B. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND BASIS OF PRESENTATION

(a) Corporate information

Dragon Mining Overseas Limited (the "Target Company") is a limited liability company incorporated in the British Virgin Islands (the "BVI") on 31 October 2013. The principal place of business of the Target Company is located at Unit 1901, 19/F, AIA Financial Centre, 712 Prince Edward Road East, San Po Kong, Kowloon, Hong Kong. In the opinion of the director, the Target Company's immediate holding company is Million Land Limited, which is incorporated in the BVI. The principal activity of the Target Company is investment holding, and the information of its subsidiaries is set out below. The ultimate controlling party of the Target Company and its subsidiaries (together, the "Target Group") is Mr. Chan Sik Lap (the "Controlling Shareholder").

Due to the change of financial period end date of the Target Group from 30 June to 31 March in order to be co-terminus with the immediate holding company, the Financial Information presented in the combined statements of comprehensive income, combined statements of changes in equity, combined statements of cash flows and related explanatory information for the approximately 16-month period from 21 February 2012 (the date of incorporation of the Target Group's earliest established subsidiary) to 30 June 2013 and for the 9-month period from 1 July 2013 to 31 March 2014 (the "Relevant Periods") may not be entirely comparable to each other.

At 31 March 2014, the Target Company had direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of subsidiary	Place of incorporation/ registration	Particulars of issued/registered capital	Proportion of nominal value of issued/registered capital held by the Target Company *Directly*	*Indirectly*	Principal activities
Dragon Global Group Co Limited ("DGG")	Hong Kong on 29 April 2013	1 ordinary share of HK$1	100%	—	Investment holding
Dragon Mining Consulting Limited ("DMCL")	Hong Kong on 21 February 2012	1,000 ordinary shares of HK$1,000	—	100%	Rendering of technical consultation services related to mining industry
Dragon Capital Partners Limited ("DCPL")	Hong Kong on 3 July 2012	1 ordinary share of HK$1	—	100%	Investment holding
Dragon Appraisal Co Limited ("DACL")	Hong Kong on 7 May 2013	1 ordinary share of HK$1	—	100%	Provision of consultancy and valuation services

Name of subsidiary	Place of incorporation/ registration	Particulars of issued/registered capital	Proportion of nominal value of issued/registered capital held by the Target Company		Principal activities
			Directly	*Indirectly*	
天立環球投資諮詢(深圳)有限公司 (TL Global Investment (Shenzhen) Co Ltd)* ("TLSZ")	The People's Republic of China ("PRC") on 16 December 2013	Registered capital of HK$500,000	—	100%	Not yet commenced business
TL Investment Management Limited ("TLIM")	The BVI on 2 January 2014	1 ordinary share of United States dollars ("US$") 1	—	100%	Not yet commenced business

* *For identification purpose only*

The financial statements of the Target Company's subsidiaries that fall into the Relevant Periods have been audited as follows:

Name of subsidiary	Financial Period	Auditors
DGG	Period ended 31 March 2014	Mazars CPA Limited
DMCL	Periods ended 31 March 2014 and 30 June 2013	Mazars CPA Limited
DACL	Period ended 31 March 2014	Mazars CPA Limited
DCPL	Period ended 31 March 2014 Period ended 30 June 2013	Mazars CPA Limited UBC & Co.

TLSZ was incorporated on 16 December 2013 which was only half a month to 31 December 2013, the statutory financial period end date, the first PRC statutory audit of TLSZ's financial statements will be arranged for the period from 16 December 2013 (date of incorporation) to 31 December 2014.

Save as disclosed above, there is no statutory audit requirement for other subsidiaries of the Target Group during the Relevant Periods.

(b) Reorganisation

To rationalise its corporate structure, the companies now comprising the Target Group underwent a reorganisation (the "Reorganisation") as follows:

- DGG was incorporated in Hong Kong on 29 April 2013 with limited liability, with 1 ordinary share of HK$1 allotted to the Controlling Shareholder and subsequently transferred to the Target Company on 13 December 2013.

- On 21 February 2012, DMCL was incorporated in Hong Kong with limited liability, with 1 ordinary share of HK$1 allotted to the Controlling Shareholder. On 29 October 2013, 999 new ordinary shares of HK$1 each were issued and allotted to DGG. On 3 January 2014, the 1 ordinary share held by the Controlling Shareholder was transferred to DGG.

- On 3 July 2012, DCPL was incorporated in Hong Kong with limited liability, with 1 ordinary share of HK$1 allotted to Silvery Luxe Limited, a related company under common control by the Controlling Shareholder. On 12 February 2014, the 1 ordinary share held by Silvery Luxe Limited was transferred to DGG.

- DACL was incorporated in Hong Kong on 7 May 2013 with limited liability, with 1 ordinary share of HK$1 allotted to DGG at incorporation.

- On 16 December 2013, TLSZ was incorporated in the PRC with limited liability, with registered capital of HK$500,000, which was paid-up by DCPL.

- TLIM was incorporated in the BVI on 2 January 2014 with limited liability with 1 ordinary share of US$1 allotted to DGG.

- On 31 October 2013, the Target Company was incorporated in the BVI with limited liability, with 100 ordinary shares of US$1 each, of which 65 ordinary shares were allotted to the Controlling Shareholder. On 21 May 2014, the Controlling Shareholder together with the other shareholder of the Target Company transferred all their shares held to Million Land Limited, a company incorporated in the BVI. The Controlling Shareholder holds 52% of the ordinary share of Million Land Limited.

(c) Basis of preparation

Pursuant to the Reorganisation set out above, the Target Company became the holding company of the subsidiaries now comprising the Target Group. As the Target Company and all its subsidiaries now comprising the Target Group are ultimately controlled by the Controlling Shareholder, before and after the Reorganisation, the Reorganisation is considered as a business combination under common control and is accounted for by using the principles of merger accounting in accordance with Hong Kong Accounting Guideline 5 *"Merger accounting for common control combinations"* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Financial Information presents the combined statements of financial position, the combined statements of comprehensive income, the combined statements of changes in equity, the combined statements of cash flows and other explanatory information of the companies now comprising the Target Group as if the Target Company has been in existence throughout the Relevant Periods and the current group structure had been in existence on 21 February 2012, the beginning of the earliest period presented which is also the date of incorporation of the Target Group's earliest established subsidiary.

The net assets of the combining entities or businesses are combined using the existing book values from the Controlling Shareholder's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interests in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination to the extent of the continuation of the Controlling Shareholder's interests. All differences, if any, between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the merger reserve. The Financial Information includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the control of the Controlling Shareholder, where this is a shorter period, regardless of the date of the common control combination.

Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules.

The HKICPA has issued a number of new and revised HKFRSs during the Relevant Periods. For the purpose of preparing the Financial Information, the Target Group has consistently adopted all these HKFRSs that are relevant to its operations and are effective for the Relevant Periods.

A summary of the principal accounting policies adopted by the Target Group in the preparation of the Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Financial Information is historical cost.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of combination

The Financial Information incorporates the financial statements of the Target Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Target Company using consistent accounting policies.

All inter-company balances, transactions, income and expenses and profits and losses resulting from intra-group transactions, whether occurring before or after the Reorganisation, are eliminated in full. The results of subsidiaries are combined from the date when the subsidiaries first came under the control of the Controlling Shareholder and continue to be combined until the date the Target Group's control ceases.

Subsidiaries

A subsidiary is an entity that is controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and 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. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately.

Equipment	1.5 to 5 years
Furniture	5 years
Leasehold improvements	Over the unexpired term of lease
Motor vehicles	5 years
Office IT devices	2 to 5 years

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the terms of the leases.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Computer software

The initial cost of acquiring computer software is capitalised. Computer software with indefinite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 3 to 5 years.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Target Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Target Group's contractual rights to future cash flows from the financial asset expire or (ii) the Target Group transfers the financial asset and either (a) the Target Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Initial measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

Loans and receivables

Loans and receivables including trade and other receivables and bank balances and cash are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Financial liabilities

The Target Group's financial liabilities including other payables and obligations under a finance lease are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

At the end of each reporting period, the Target Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial assets' original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the assets' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis:

Consultancy fee income is recognised when services are rendered.

Foreign currency translation

Items included in the Financial Information of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in the currency of Hong Kong dollars ("HK$"), which is the Target Company's functional and presentation currency.

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statements of comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Target Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Target Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

- on the partial disposal of the Target Group's interest in a subsidiary that includes a foreign operation which does not result in the Target Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Impairment of other assets

At the end of each reporting period, the Target Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment and intangible assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Assets held under finance leases are recognised as assets of the Target Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as finance lease obligations. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Target Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the chief operating decision makers of the Target Group for the purpose of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services provided, the type or class of customers, the methods used to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Target Group.

(a) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of the parent of the Target Group.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the Target Group's management in the preparation of the Financial Information. They affect the application of the Target Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Allowance for doubtful debts

The provisioning policy for bad and doubtful debts of the Target Group is based on the evaluation by management of the collectability of the trade receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including assessing the current creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, allowance will be required.

Future changes in HKFRSs

At the date of issuance of this Financial Information, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the Relevant Periods, which the Target Group has not early adopted. The management does not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Target Group.

3. TURNOVER AND REVENUE

	Period from 21 February 2012 to 30 June 2013	**Period from 1 July 2013 to 31 March 2014**
	HK$'000	*HK$'000*
Consultancy fee income	28,701	28,982

4. SEGMENT INFORMATION

Business Segment

The director of the Target Company has been identified as the chief operating decision maker to evaluate the performance of operating segments based on the Target Group's internal reporting in respect of these segments. For the purpose of internal reporting, the Target Group has only one business segment, namely, the provision of consultancy service business. Business segment information, which is the Target Group's primary basis of segment reporting, is not presented as the Target Group's turnover, contribution to operating profit and assets and liabilities are attributable to this only segment.

Geographical information

The Target Group's operations are located in Hong Kong. Accordingly, no geographical segment information is presented.

Information about major customers

Details of the entities accounting for 10% or more of aggregate revenue of the Target Group during the Relevant Periods are as follows:

	Period from 21 February 2012 to 30 June 2013	Period from 1 July 2013 to 31 March 2014
	HK$'000	*HK$'000*
Entity A	2,739	3,399
Entity B	4,143	3,185
Entity C	—	4,251
Entity D	—	9,962
Entity E	—	5,590
Entity F	18,774	—
	25,656	26,387

Upon the request of Entity F, the contracting party of the service agreements of a particular project with Entity F was transferred to Entities C, D and E for the period from 1 July 2013 to 31 March 2014.

5. PROFIT BEFORE TAX

	Period from 21 February 2012 to 30 June 2013	Period from 1 July 2013 to 31 March 2014
This is stated after charging:	*HK$'000*	*HK$'000*
5(a) Finance costs		
Bank overdrafts interest	1	—
Finance charges on obligations under a finance lease	9	8
	10	8
5(b) Staff costs		
Employee benefits expenses	7,242	5,854
Contributions to defined contribution plans	197	161
Total staff costs, including remunerations of key management personnel	7,439	6,015
5(c) Other items		
Auditor's remuneration	60	180
Exchange loss, net	34	131
Loss on disposal of property, plant and equipment	79	—
Operating lease payments on premises and machinery	769	660

6. DIRECTOR'S REMUNERATION

The aggregate amounts of remuneration received and receivable by the director of the Target Company during the Relevant Periods are as follows:

Mr. Chan Sik Lap	Fees *HK$'000*	Salaries and allowances *HK$'000*	Contributions to defined contribution retirement schemes *HK$'000*	Total *HK$'000*
Period from 21 February 2012 to 30 June 2013	—	912	16	928
Period from 1 July 2013 to 31 March 2014	—	495	11	506

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods. In addition, no emolument was paid by the Target Group to the director as an inducement to join, or upon joining the Target Group or as a compensation for loss of office during the Relevant Periods.

7. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals	
	Period from 21 February 2012 to 30 June 2013 *HK$'000*	Period from 1 July 2013 to 31 March 2014 *HK$'000*
Director	1	1
Non-director	4	4
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Period from 21 February 2012 to 30 June 2013 *HK$'000*	Period from 1 July 2013 to 31 March 2014 *HK$'000*
Salaries and allowances	3,201	1,540
Contributions to defined contribution plans	88	45
	3,289	1,585

The remuneration paid to each of the above individuals during the Relevant Periods fall within the band of HK$Nil to HK$1,000,000.

During the Relevant Periods, no remuneration was paid by the Target Group to any of the five highest paid individuals as an inducement to join or upon joining the Target Group, or as a compensation for loss of office.

8. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Target Group's estimated assessable profits arising from Hong Kong for the Relevant Periods. Part of the Target Group's profits neither arose in, nor derived from, Hong Kong, and therefore it is not subject to Hong Kong Profits Tax. In the opinion of the director, this portion of the Target Group's profits is also not subject to taxation in any other jurisdictions in which the Target Group operates.

	Period from 21 February 2012 to 30 June 2013	**Period from 1 July 2013 to 31 March 2014**
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax:		
Current period	—	80
Under provision in previous period	—	283
Total income tax expense for the period	—	363

Reconciliation of income tax expense	**Period from 21 February 2012 to 30 June 2013** *HK$'000*	**Period from 1 July 2013 to 31 March 2014** *HK$'000*
Profit before tax	3,329	12,034
Income tax at applicable tax rate of 16.5%	549	1,986
Non-deductible expenses	14	65
Non-taxable offshore profits	(425)	(2,111)
Unrecognised tax losses	27	60
Under provision in previous period	—	283
Others	(165)	80
Income tax expense for the period	—	363

Unrecognised deferred tax assets

At 30 June 2013 and 31 March 2014, the Target Group has not recognised deferred tax assets in respect of tax losses of approximately HK$165,000 and HK$362,000, respectively, because it is not probable that future taxable profits will be available against which the Target Group can utilise the benefits therefrom. The tax losses do not expire under the current tax legislation.

9. EARNINGS PER SHARE

Earnings per share have not been presented as such information is not considered meaningful for the purpose of the Financial Information.

10. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Furniture	Leasehold improvements	Motor vehicles	Office IT devices	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reconciliation of carrying amount – period ended 30 June 2013						
At 21 February 2012	—	—	—	—	—	—
Additions	163	376	731	175	536	1,981
Disposals	(2)	(38)	(38)	—	(1)	(79)
Depreciation	(32)	(35)	(81)	(22)	(98)	(268)
At 30 June 2013	129	303	612	153	437	1,634
Reconciliation of carrying amount – period ended 31 March 2014						
At 1 July 2013	129	303	612	153	437	1,634
Additions	11	64	143	—	152	370
Transfers	(5)	—	—	—	5	—
Depreciation	(28)	(55)	(274)	(23)	(94)	(474)
At 31 March 2014	107	312	481	130	500	1,530
At 30 June 2013 and 1 July 2013						
Cost	160	327	641	175	535	1,838
Accumulated depreciation	(31)	(24)	(29)	(22)	(98)	(204)
Net carrying amount	129	303	612	153	437	1,634
At 31 March 2014						
Cost	166	391	784	175	692	2,208
Accumulated depreciation	(59)	(79)	(303)	(45)	(192)	(678)
Net carrying amount	107	312	481	130	500	1,530

At 30 June 2013 and 31 March 2014, the net book value of the Target Group's property, plant and equipment includes an amount of approximately HK$153,000 and HK$130,000, respectively, in respect of an asset held under a finance lease.

11. INTANGIBLE ASSETS

	Computer software *HK$'000*
Reconciliation of carrying amount – period ended 30 June 2013	
At 21 February 2012	—
Additions	303
Amortisation	(51)
At 30 June 2013	252
Reconciliation of carrying amount – period ended 31 March 2014	
At 1 July 2013	252
Additions	178
Amortisation	(54)
At 31 March 2014	376
At 30 June 2013 and 1 July 2013	
Cost	303
Accumulated amortisation	(51)
Net carrying amount	252
At 31 March 2014	
Cost	481
Accumulated amortisation	(105)
Net carrying amount	376

12. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Trade receivables			
From third parties		455	18,112
From a related company	*12(b)*	120	2,563
	12(a)	575	20,675
Other receivables			
Deposits, prepayments and other receivables		907	1,003
Due from related companies	*12(c)*	326	2,052
		1,233	3,055
		1,808	23,730

12(a) Trade receivables

The Target Group's trade receivables are due on presentation of invoices.

At 30 June 2013 and 31 March 2014, included in the trade receivables balance are debtors with a carrying amount of approximately HK$575,000 and HK$20,675,000, respectively, which are past due but which the Target Group has not impaired as there have not been any significant changes in credit quality and the director believes that the amounts are fully recoverable. The ageing analysis of trade receivables which are past due but not impaired is as follows:

	At 30 June 2013	At 31 March 2014
	HK$'000	*HK$'000*
Within 30 days	359	2,828
31-60 days	50	6,605
61-90 days	166	2,181
91-120 days	—	—
121-180 days	—	5,620
Over 180 days	—	3,441
	575	20,675

The Target Group does not hold any collateral over these balances.

12(b) Trade receivables — from a related company

The amount due is unsecured, interest-free and payable on presentation of invoices. At 30 June 2013 and 31 March 2014, no provision was made for non-repayment of the amount due.

Name of related company	At 30 June 2013	At 31 March 2014
	HK$'000	*HK$'000*
IRG Exploration & Mining Inc. ("IRG")	120	2,563

	Maximum amount outstanding during the period	
Name of related company	From 21 February 2012 to 30 June 2013	From 1 July 2013 to 31 March 2014
	HK$'000	*HK$'000*
IRG	2,771	2,563

The director of the Target Company, Mr. Chan Sik Lap, is also a director of IRG and has undertaken to indemnify the Target Group against any loss that may arise from the non-recovery of the amount due.

12(c) Due from related companies

The amounts due from related companies are non-trade in nature. The amounts due are unsecured, interest-free and repayable on demand. At 30 June 2013 and 31 March 2014, there was no provision made for non-payment of the amounts due.

Name of related company	Note	At 30 June 2013 HK$'000	At 31 March 2014 HK$'000
Earth Resources Centre Ltd	*(i)*	184	738
IRG	*(ii)*	142	1,314
		326	2,052

Name of related company	Note	Maximum amount outstanding during the period From 21 February 2012 to 30 June 2013 HK$'000	From 1 July 2013 to 31 March 2014 HK$'000
Earth Resources Centre Ltd	*(i)*	184	738
IRG	*(ii)*	142	1,725

(i) The director of the Target Company, Mr. Chan Sik Lap, has beneficiary interests in the related company and has undertaken to indemnify the Target Group against any loss that may arise from the non-recovery of the amount due.

(ii) The director of the Target Company, Mr. Chan Sik Lap, is also a director of IRG and has undertaken to indemnify the Target Group against any loss that may arise from the non-recovery of the amount due.

13. OTHER PAYABLES

	Note	At 30 June 2013 HK$'000	At 31 March 2014 HK$'000
Accrued charges and other creditors		679	2,017
Advance payments received		25	45
Due to a director	*13(a)*	58	8,830
		762	10,892

13(a) Due to a director

The amount due is unsecured, interest-free and has no fixed repayment term.

14. OBLIGATIONS UNDER A FINANCE LEASE

	At 30 June 2013	At 31 March 2014
	HK$'000	*HK$'000*
Current portion	37	39
Non-current portion	100	70
	137	109

	Minimum lease payments		Present value of minimum lease payments	
	At 30 June 2013	At 31 March 2014	At 30 June 2013	At 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable				
Within one year	48	48	37	39
In the second to fifth years inclusive	112	76	100	70
	160	124	137	109
Future finance charges	(23)	(15)	—	—
Present value of lease obligations	137	109	137	109
Less: Amount due for settlement within 12 months			(37)	(39)
Amount due for settlement after 12 months			100	70

15. SHARE CAPITAL

	At 31 March 2014	
	No. of shares	*HK$'000*
Authorised		
Ordinary shares of US$1 each	50,000	388
Issued and fully paid		
Ordinary shares of US$1 each	100	1

The Target Company was incorporated in the BVI with limited liability on 31 October 2013. On incorporation, 100 ordinary shares of US$1 each were issued for cash consideration as initial subscription capital.

16. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Financial Information, during the Relevant Periods, the Target Group had the following transactions with related parties:

Related party relationship	Nature of transactions	Period from 21 February 2012 to 30 June 2013 *HK$'000*	Period from 1 July 2013 to 31 March 2014 *HK$'000*
Key management personnel	Salaries, benefits and other short-term remuneration	928	659
A related company with common directorship of Mr. Chan Sik Lap	Consultancy fee income	743	2,739
Related companies under common control by Mr. Chan Sik Lap	Consultancy fee expense	(4,549)	(4,421)

17. COMMITMENTS

Capital expenditure commitment

At 30 June 2013 and 31 March 2014, the Target Group had commitment of approximately HK$75,000 and HK$75,000, respectively, for acquisition of a computer software.

Commitment under operating leases

The Target Group leases a number of properties and machinery under operating leases, which typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

The Target Group has total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	At 30 June 2013 *HK$'000*	At 31 March 2014 *HK$'000*
Within one year	825	770
In the second to fifth years inclusive	613	50
	1,438	820

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise a finance lease and bank balances. The main purpose of these financial instruments is to raise and maintain finance for the Target Group's operations. The Target Group has various other financial instruments such as trade and other receivables and other payables which arise directly from its business activities.

The main risks arising from the Target Group's financial instruments are credit risk and liquidity risk. The Target Group does not have any written risk management policies and guidelines. However, the Target Group's management generally adopts conservative strategies on the Target Group's risk management and limits the Target Group's exposure to these risks to a minimum. The director reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The carrying amount of financial assets on the Financial Information represents the Target Group's maximum exposure to credit risk. The Target Group's credit risk is primarily attributable to trade and other receivables and bank balances.

The terms of the trade receivables and amounts due from related companies have been disclosed in Note 12 to the Financial Information. The management closely monitors all outstanding debts and reviews the collectability of the debtors periodically.

The Target Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At 30 June 2013 and 31 March 2014, the Target Group had a concentration of credit risk as 27% and 62%, respectively, of the total trade receivables was due from the largest customer; and with 94% and 98%, respectively, of the total trade receivables was due from the five largest customers.

The management considers the credit risk in respect of bank balance is minimal because the counter parties are authorised financial institution in Hong Kong with high credit rating.

Liquidity risk

The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and finance lease contracts. The Target Group's operations are also financed through advances from a director. The Target Group's financial liabilities at 30 June 2013 and 31 March 2014 are all interest-free and repayable within one year or on demand except for the obligations under a finance lease for which the contractual undiscounted repayment schedule is as below:

	Less than 3 months	**3-12 months**	**2nd to 5th years inclusive**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2013				
Obligations under a finance lease	12	36	112	160
At 31 March 2014				
Obligations under a finance lease	12	36	76	124

Fair value

The carrying values of all financial instruments approximated their fair values at 30 June 2013 and 31 March 2014.

19. CAPITAL MANAGEMENT

The objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to provide returns for equity holders. The Target Group manages its capital structure and makes adjustments, including payment of dividend to equity holders, return capital to equity holders or call for additional capital from equity holders or sale of assets to reduce debts. No changes were made in the Target Group's objectives, policies or processes in managing capital during the Relevant Periods.

C. STATEMENT OF FINANCIAL POSITION OF THE TARGET COMPANY

The Target Company was incorporated in the BVI on 31 October 2013 with an authorised ordinary share capital of US$50,000 divided into 50,000 ordinary shares of US$1 each. The Target Company issued 100 ordinary shares to the shareholders including the Controlling Shareholder on 31 October 2013, and the ordinary shares have been fully paid up. The Target Company has not carried out any business since the date of its incorporation, save for the Reorganisation.

D. SUBSEQUENT FINANCIAL STATEMETNS

No audited financial statements have been prepared by the Target Group in respect of any periods subsequent to 31 March 2014.

2. MANAGEMENT DISCUSSION AND ANALYSIS ON THE DRAGON GROUP

Set out below is the management discussion and analysis of the Dragon Group's business and performance for the period from 21 February 2012 (being the date of incorporation of the Dragon Group's earliest established subsidiary) to 30 June 2013 and the period from 1 July 2013 to 31 March 2014.

For the period from 21 February 2012 (being the date of incorporation of the Dragon Group's earliest established subsidiary) to 30 June 2013

Business Overview

For the period ended 30 June 2013, the Dragon Group was principally engaged in advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. The Dragon Group was set up by an experienced management which had substantial experience in the industry as stated in section "Management of the Dragon Group" of the "Letter From the Board" in this circular. Apart from the management team as the core, the Dragon Group also features a provision of personalized on-site operation team, a concept that few Hong Kong resource-advisory companies have. Dragon's operation crew comprises a practical mix of junior and senior level consultants who are able to work on-site at the clients' sites, providing in-house and timely resource support to the clients, and allowing for an appropriate integration with the clients' on-site team across various technical and operational roles. Trained with geology, mining or relevant engineer background, the operation crew has a diverse range of skills and experience suited to cater the clients' specific needs on site.

For the period ended 30 June 2013, the Dragon Group's revenue amounted to approximately HK$28.7 million which was generated from advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects.

During the period, the revenue of the Dragon Group were mainly attributed from its business in Indonesia, Kazakhstan and other districts including Hong Kong, which accounted for 50%, 12% and 38% of total income respectively.

The business activities carried out by the Dragon Group in Indonesia mainly included laboratory operation, processing plant management, public relationship management, etc. which are related to a copper-gold polymetallic project. As such project is expected to commence the exploitation stage, income from this sector are expected to increase in the next financial period.

The business activities carried out by the Dragon Group in Kazakhstan mainly included site management, technical consulting, marketing services, etc. which are related to a gold project.

The business activities carried out by the Group in Hong Kong and other districts mainly included technical consulting, valuation and other consulting services.

Profit before and after income tax of the Dragon Group was approximately HK$3.3 million. No income tax expense was accrued for the period ended 30 June 2013 because the Dragon Group expected a tax loss after eliminating the offshore profit, which was not subject to Hong Kong tax.

For the period ended 30 June 2013, the major expenses of the Dragon Group were staff cost, consultancy expense and subcontracting expense which accounted for approximately 29%, 28% and 9% of the total costs respectively.

Financial Resources and Liquidity

The Dragon Group financed its operations primarily with internally generated cash flow and advance from a director.

At 30 June 2013, the Dragon Group had bank balances and cash of approximately HK$0.5 million. Most of the Dragon Group's cash was denominated in Renminbi and Hong Kong Dollar. During the period from 21 February 2012 to 30 June 2013, the Dragon Group had a net cash inflow of approximately HK$0.5 million.

At 30 June 2013, the Dragon Group's current ratio (which is current assets divided by current liabilities) was approximately 2.9.

At 30 June 2013, trade receivables of Dragon Group amounted to HK$0.58 million (due from third parties: HK$0.46 million; due from a related company: HK$0.12 million), which were past due but not impaired as Dragon Group's management found no significant change in relevant customers' credit quality and thus believed that the amounts were fully recoverable.

The ageing analysis of trade receivables which were past due but not impaired is as follows:

	At 30 June 2013
	HK$'000
Within 30 days	359
31-60 days	50
61-90 days	166
	575

During the period, Dragon Group's average trade receivables turnover time was approximately 5 days. Average trade receivables turnover days for the period is computed by dividing the average of the beginning and ending trade receivables balances by the total revenue for the period and then multiplied by 489, which is the number of calendar days in the period.

Dragon Group generally does not grant any fixed credit term to its customers and the invoices should be considered due on presentation, which benchmarks with the practice of service providers in the profession. In daily operation, in order to maintain good business relationships, Dragon Group allows its customers to settle the outstanding invoices within six months.

For the trade receivable due from a related company, the director of Dragon Group, Mr. Chan Sik Lap, who is also a director and a minority shareholder of that related company, has undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due.

Capital Structure and Foreign Exchange Risk

At 30 June 2013, the total liabilities of the Dragon Group amounted to approximately HK$0.9 million and the capital and reserve of the Dragon Group amounted to approximately HK$3.3 million. The Dragon Group's gearing ratio represented by the total liabilities as a percentage of the Dragon Group's total assets amounted to approximately 21%.

During the period ended 30 June 2013, the Dragon Group had not identified any specific investment opportunity or any new business which may require significant capital of the Dragon Group.

The Dragon Group did not declare any dividend for the period ended 30 June 2013.

During the period ended 30 June 2013, the business activities of the Dragon Group were mainly denominated in Canadian Dollar, Reminbi and Hong Kong Dollar. Foreign exchange exposure was considered to be insignificant and the Dragon Group did not adopt any foreign exchange hedging policy. However, the management monitored its foreign exchange risks and would take protective approaches when necessary.

Material Acquisition and Disposal of Subsidiaries and Associates

During the period from 21 February 2012 to 30 June 2013, the Dragon Group did not have any significant acquisition or disposal of investment.

Management and Staff

During the period ended 30 June 2013, the total staff costs for the period, including director's emoluments, amounted to approximately HK$7.4 million. By 30 June 2013, the Dragon Group had a total of 20 employees. Besides, during the period, the Dragon Group retained consultants through a company wholly-owned by Mr. Chan in accordance with actual needs of each project. Such arrangements are not expected to continue after Completion as the Dragon Group expects to retain the relevant consultants directly.

During the period, Dragon Group recorded a consultancy fee income, which was related to services on mining exploration and support for search for potential investors provided by the Dragon Group to a related company. Such service is similar to that provided to independent third party customers. If and to the extent the Dragon Group continues to provide services to connected persons of the Company (within the meaning of the GEM Listing Rules), the Company will comply with the relevant reporting and independent shareholders approval requirements of the GEM Listing Rules.

The remuneration for director and employees includes contribution plan, insurance and medical overage. Also, allowances including discretionary bonuses and commission may be granted to eligible employees based on the Dragon Group's and employee's performance.

The remuneration for directors and employees is determined in accordance with each director's and employee's performance, professional experiences and the prevailing market condition. Management reviews employee remuneration policy and arrangement on a regular basis. Salary increment is normally approved annually or by special adjustment depending on length of services and performance. Contributions by the Dragon Group to MPF Scheme for qualifying employees in Hong Kong are based on 5% of the employee's relevant income, with a cap of monthly salaries of HK$20,000 (before 1 June 2012) or HK$25,000 (starting 1 June 2012) in accordance with the requirement of the Mandatory Provident Fund Scheme Ordinance and related regulations.

Capital Commitment and Contingent Liabilities

At 30 June 2013, the Dragon Group has capital commitment of approximately HK$75,000 in respect of the acquisition of computer software.

At 30 June 2013, the Dragon Group did not have any bank borrowings or charge on its assets, or any material contingent liabilities.

For the period from 1 July 2013 to 31 March 2014

Business Overview

For the period ended 31 March 2014, there's no significant change from the last financial period in the Dragon Group's business scope, which covers advisory services in mining exploration, exploitation and valuation for mergers and acquisitions projects. The Dragon Group was operated by a stable and experienced management with a strong operation team, which had substantial experience in the industry.

For the period ended 31 March 2014, the Dragon Group's revenue was approximately HK$29.0 million, representing an increase of approximately HK$0.3 million comparing to the last financial period, which was due to the combining effect of the increase in income from advisory services in mining exploration and exploitation of approximately HK$7.6 million and the decrease in the income from valuation for mergers and acquisitions projects of approximately HK$7.3 million.

During the period, the revenue of the Dragon Group were mainly attributed from its business in Indonesia, Kazakhstan and other districts including Hong Kong, which accounted for 72%, 9% and 19% of total income respectively.

For the Dragon Group's business activities in Indonesia, it mainly included laboratory operation, processing plant management and public relationship management, etc. which are related to a copper-gold polymetallic project. As exploitation began in the current financial period, the advisory services provided for this project contributed to the significant increase in the Dragon Group's overall revenue.

For the Dragon Group's business activities in Kazakhstan, there was no significant change from last financial period and it mainly included site management, technical consulting, marketing services, etc. which are related to a gold project. The Dragon Group is optimistic in the business Central Asia. Thanks to Central Asia countries' less restrictions and looser policies regulating foreign investors' entry into their resources sector, competitive exploration and relevant costs and huge to-be-explored resources with great growth potential, the management of the Dragon Group holds optimistic outlook on its business development in Central Asia region.

For the business in Hong Kong and other districts, there was no significant change from last financial period and it mainly included technical consulting, valuation and other consulting services.

For the period ended 31 March 2014, the Dragon Group's profit before income tax was approximately HK$12.0 million. After deducting the income tax expense of approximately HK$0.3 million, the profit after tax was approximately HK$11.7 million, with an increase of HK$8.4 million or 255% from the last financial period. Such increase was mainly attributable to the increment in revenue as well as the decrease in consultancy expense of approximately HK$2.3 million, subcontracting expense of approximately HK$2.3 million, overseas travelling of approximately HK$1.8 million and staff costs of approximately HK$1.4 million.

For the period ended 31 March 2014, the major expenses of the Dragon Group were staff cost, consultancy expense and overseas travelling expense which accounted for approximately 35%, 28% and 6% of the total costs respectively.

Financial Resources and Liquidity

The Dragon Group financed its operations primarily with internally generated cash flow and advance from a director.

At 31 March 2014, the Dragon Group had cash and bank balances of approximately HK$0.7 million, representing an increase of approximately HK$0.2 million as compared to HK$0.5 million at 30 June 2013. Most of the Dragon Group's cash are denominated in United States Dollar and Hong Kong Dollar. The increase was mainly due to cash generated from operations of approximately HK$0.8 million, off-set by the cash used in the purchase of assets of approximately HK$0.6 million.

At 31 March 2014, the Dragon Group's current ratio (which is current assets divided by current liabilities) was approximately 2.2.

At 31 March 2014, trade receivables of Dragon Group amounted to HK$20.7 million (due from third parties: HK$18.1 million; due from a related company: HK$2.6 million), which were past due but not impaired as Dragon Group's management found no significant change in relevant customers' credit quality and thus believed that the amounts were fully recoverable.

The ageing analysis of trade receivables which were past due but not impaired is as follows:

	At 31 March 2014
	HK$'000
Within 30 days	2,828
31-60 days	6,605
61-90 days	2,181
121-180 days	5,620
Over 180 days	3,441
	20,675

During the period, Dragon Group's average trade receivables turnover time was approximately 99 days, comparing to 5 days in the last financial period. Average trade receivables turnover days for the period is computed by dividing the average of the beginning and ending trade receivables balances by the total revenue for the period and then multiplied by 270, which is the number of calendar days in the period.

Besides, during the period, the Group's trade receivables which are past due for over 120 days but not impaired increased from Nil in the last financial period to 43% of the total outstanding balance.

The above mentioned increments were mainly attributable to the increase in the outstanding invoices relating to one customer, which amounted to approximately HK$17 million, representing approximately 87% of the total outstanding trade receivables. The customer is a fast growing private group whose businesses cover a variety of industries both in and out of China, such as mining, pharmaceutical industry, steel, logistics and so on. Dragon Group's management, after due and careful consideration, is of the view that though this customer has been slower in bills settlement recently, its economic capability and the rich mineral deposit it owns in the mining projects provide the Group sufficient confidence in the recovery of the full balance. A repayment schedule has been obtained from the customer regarding the outstanding balance, which shall be fully settled by September 2014 as mutually agreed. Subsequent settlements have been made by the customer on time and coincided with the repayment schedule up to the date of this circular. Dragon Group's management considered that the outstanding balance is fully recoverable thus no provision was considered necessary.

Dragon Group generally does not grant any fixed credit term to its customers and the invoices should be considered due on presentation, which benchmarks with the practice of service providers in the profession. In order to maintain good business relationships, Dragon Group allows its customers to settle the outstanding invoices within six months.

For the trade receivable due from a related company, the director of Dragon Group, Mr. Chan Sik Lap, who is also a director and a minority shareholder of that related company, has undertaken to indemnify the Group against any loss that may arise from the non-recovery of the amount due.

Capital Structure and Foreign Exchange Risk

At 31 March 2014, the total liabilities of the Dragon Group amounted to approximately HK$11.4 million and the capital and reserve of the Dragon Group amounted to approximately HK$15.0 million. The Dragon Group's gearing ratio represented by the total liabilities as a percentage of the Dragon Group's total assets amounted to approximately 43.1%.

For the period ended 31 March 2014, the Dragon Group has not identified any specific investment opportunity or any new business which may require significant capital of the Dragon Group.

The Dragon Group did not declare any dividend for the period ended 31 March 2014.

During the period ended 31 March 2014, the business activities of the Dragon Group were mainly denominated in Canadian Dollar, Reminbi and Hong Kong Dollar. Foreign exchange exposure was considered to be insignificant and the Dragon Group did not adopt any foreign exchange hedging policy. However, the management monitored its foreign exchange risks and would take protective approaches when necessary.

Material Acquisition and Disposal of Subsidiaries and Associates

During the period from 1 July 2013 to 31 March 2014, the Dragon Group did not have any significant acquisition or disposal of investment.

Management and Staff

During the period ended 31 March 2014, the total staff costs for the period, including director's emoluments, amounted to approximately HK$6.0 million. By 31 March 2014, the Dragon Group had a total of 16 employees. Besides, during the period, the Dragon Group retained consultants through a company wholly-owned by Mr. Chan in accordance with actual needs of each project. Such arrangements are not expected to continue after Completion as the Dragon Group expects to retain the relevant consultants directly.

During the period, Dragon Group recorded a consultancy fee income, which was related to services on mining exploration and support for search for potential investors provided by the Dragon Group to a related company. Such service is similar to that provided to independent third party customers. If and to the extent the Dragon Group continues to provide services to connected persons of the Company (within the meaning of the GEM Listing Rules), the Company will comply with the relevant reporting and independent shareholders approval requirements of the GEM Listing Rules.

The remuneration for director and employees includes contribution plan, insurance and medical coverage. Also, allowances including discretionary bonuses and commission may be granted to eligible employees based on the Dragon Group's and employee's performance.

The remuneration for director and employees is determined in accordance with each director's and employee's performance, professional experiences and the prevailing market condition. Management reviews employee remuneration policy and arrangement on a regular basis. Salary increment is normally approved annually or by special adjustment depending on length of services and performance. Contributions by the Dragon Group to MPF Scheme for qualifying employees in Hong Kong and are based on 5% of the employee's relevant income, with a cap of monthly salaries of HK$25,000 in accordance with the requirement of the Mandatory Provident Fund Scheme Ordinance and related regulations.

Capital Commitment and Contingent Liabilities

As at 31 March 2014, the Dragon Group has capital commitment of approximately HK$75,000 in respect of the acquisition of a computer software.

As at 31 March 2014, the Dragon Group did not have any bank borrowings or charge on its assets, or any material contingent liabilities.

3. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2014, being the latest practicable date for the purposes of this statement of indebtedness prior to the printing of this circular, the Dragon Group did not have any secured borrowings. In addition, on 31 May 2014, the Dragon Group had other unsecured and unguaranteed borrowings and outstanding due to a director, of approximately HK$9 million in aggregate.

Contingent liabilities

As at the close of business on 31 May 2014, the directors of the Dragon Group considered there were no material contingent liabilities for the Dragon Group.

Save as disclosed above and apart from intra-group liabilities, at the close of business on 31 May 2014, the Dragon Group did not have any loan capital issued and outstanding or agreed to be issued, 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 other finance lease commitments, guarantees or other contingent liabilities.

The directors of the Dragon Group confirmed that there has been no material change in the indebtedness and contingent liabilities of the Dragon Group since 31 May 2014 and up to the Latest Practicable Date.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the Company's reporting accountants, Mazars CPA Limited, for the purpose of incorporation in this circular.

A. Independent Reporting Accountants' Assurance Report on the Compilation of Unaudited Pro Forma Financial Information

M MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
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24 July 2014

The Directors
North Asia Strategic Holdings Limited
Suite 1318, 13/F, Two Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of North Asia Strategic Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors"). The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities at 31 March 2014 and related notes as set out on pages 77 to 83 of the circular of the Company dated 24 July 2014 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages 79 to 83 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of Dragon Mining Overseas Limited (the "Target Company") and its subsidiaries (collectively the "Target Group"), which comprises the entire issued share capital of the Target Company and the amount of not less than HK$8,800,000 in principal due from the Target Group to its shareholder of completion (the "Proposed Acquisition") on the Group's assets and liabilities at 31 March 2014 as if the Proposed Acquisition had taken place at 31 March 2014. As part of this process, information about the Group's assets and liabilities at 31 March 2014 has been extracted by the Directors from the consolidated statement of financial position as published in its consolidated financial statements for the year ended 31 March 2014 on which an audit report has been published. Information about the assets and liabilities of the Target Group at 31 March 2014 has been extracted by the Directors from the accountants' reports as set out in Appendix II to the Circular.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 *"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars"* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by Rule 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with Rule 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 7.31(1) of the GEM Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

B. Unaudited Pro Forma Financial Information of the Enlarged Group

1. Introduction

Pursuant to the Sale and Purchase Agreement as described in the announcement of the Company dated 13 June 2014, the Group will acquire the Sale Assets, which comprises the Sale Shares (the entire issued share capital of the Target Company) and the Sale Loan (the amount of not less than HK$8,800,000 in principal due from the Target Group to its shareholder at completion) (the "Acquisition").

The unaudited pro forma financial information consisting the unaudited pro forma statement of assets and liabilities of the Enlarged Group at 31 March 2014 is prepared as if the Acquisition had been completed on 31 March 2014 and is based on (i) the consolidated statement of financial position of the Group at 31 March 2014, which has been extracted from the published annual report of the Group for the year ended 31 March 2014; and (ii) the consolidated statement of financial position of the Target Group at 31 March 2014 as extracted from the accountant's report as set out in Appendix II of this circular, after making pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to future events and decisions and (ii) factually supportable.

The unaudited pro forma financial information is based on a number of assumptions, estimates and uncertainties.

The unaudited pro forma financial information has been prepared by the Directors in accordance with paragraph 7.31(1) of the GEM Listing Rules, for the purposes of illustrating the effect of the Acquisition pursuant to the terms of the Sale and Purchase Agreement only. Because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as of 31 March 2014 or any future date.

The unaudited pro forma financial information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Group for the year ended 31 March 2014 and the historical financial information of the Target Group and other financial information included in this circular.

2. *Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group*

	The Group at 31 March 2014	The Target Group at 31 March 2014	Pro forma adjustments		Pro forma Enlarged Group at 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Non-current assets					
Property, plant and equipment	6,373	1,530			7,903
Intangible assets	373,692	376	250,848	*5*	624,916
Notes receivable	45,583	—			45,583
Other non-current assets	1,710	—			1,710
	427,358	1,906			680,112
Current assets					
Inventories	2,120	—			2,120
Notes receivables	46,644	—			46,644
Trade and other receivables	66,663	23,730			90,393
Cash and cash equivalents	572,500	730	(140,000)	*4*	433,230
	687,927	24,460			572,387

	The Group at 31 March 2014	The Target Group at 31 March 2014	Pro forma adjustments		Pro forma Enlarged Group at 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Current liabilities					
Borrowings	2,600	—			2,600
Convertible bonds — option component	—	—	22,291	*4(b)*	22,291
Trade and other payables	114,224	10,892	(8,830)	*5*	116,286
Income tax liabilities	5,093	363			5,456
Obligation under a finance lease	—	39			39
	121,917	11,294			146,672
Net current assets	566,010	13,166			425,715
Total assets less current liabilities	993,368	15,072			1,105,827
Non-current liabilities					
Deferred tax liabilities	438	—			438
Other non-current liabilities	398	—			398
Convertible bonds — liability component	—	—	52,389	*4(b)*	52,389
Obligation under a finance lease	—	70			70
	836	70			53,295
NET ASSETS	992,532	15,002			1,052,532

3. *Notes to the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group*

1. The balances of assets and liabilities of the Group at 31 March 2014 are extracted from the published annual report of the Group for the year ended 31 March 2014.

2. The balances of assets and liabilities of the Target Group at 31 March 2014 are extracted from the accountants' report as set out in Appendix II of this Circular.

3. In accordance with the Sale and Purchase Agreement, the consideration for the Acquisition of HK$260,000,000 is to be satisfied as to:

   (i) HK$140,000,000 in cash;

   (ii) HK$60,000,000 by the issue and allotment of 269,058,296 Consideration Shares by the Company at the issue price of HK$0.223 per Share; and

   (iii) HK$60,000,000 by the issue of Convertible Bonds at an initial conversion price of HK$0.25 per Conversion Share.

   Details of the Consideration Shares and the Convertible Bonds are set out in pages 13 to 17 of this circular.

4. Hong Kong Financial Reporting Standard ("HKFRS") 3 (Revised) "*Business Combinations*" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") requires the consideration transferred in a business combination to be measured at fair value at the acquisition date. An analysis of the total estimated cost of the Acquisition assuming the Acquisition had taken place on 31 March 2014 is set out as follows:

	Note	Face value HK$'000	Fair Value at 31 March 2014 HK$'000
Cash		140,000	140,000
Consideration Shares	*(a)*	60,000	60,000
Convertible Bonds	*(b)*	60,000	74,680
		260,000	274,680

   (a) Upon the issuance of the 269,058,296 Consideration Shares by the Company in connection with the Acquisition at value of HK$60,000,000, the share capital and the reserves of the Company will be increased by approximately HK$2,691,000 and HK$57,309,000 respectively.

The issue price of HK$0.223 of each Consideration Share was arrived at after arm's length negotiations between the parties to the Sales and Purchase Agreement, after taking into account the prevailing market price of the Shares and the financial position of the Company at 31 March 2014. Therefore, the Directors consider it is appropriate to adopt it in the determination for the fair value of the Consideration Shares at 31 March 2014.

4. (b) The Directors have engaged an independent valuer, RSM Nelson Wheeler Consulting Limited ("RSM"), to determine the fair value of the Convertible Bonds to be recognised, in accordance with HKFRS 13 "*Fair Value Measurement*" issued by the HKICPA.

In preparing the unaudited pro forma financial information of the Enlarged Group, the fair values of the liability component and option component of the Convertible Bonds were approximately HK$52,389,000 and HK$22,291,000 respectively, which reflected their fair values at 31 March 2014 as if the Convertible Bonds were issued on that date. The fair values of the liability component and option component of the Convertible Bonds were determined using the Discounted Cash Flow Method and the Trinomial Option Pricing Model after considering the terms and conditions of the Convertible Bonds and stated in the valuation report issued by RSM.

Key valuation parameters to the Discounted Cash Flow Method and the Trinomial Option Pricing Model include discount rates, volatility, spot share price and conversion price. RSM has reviewed the methodologies and the key valuation parameters and business assumptions adopted.

Since a significant portion of the total consideration is in the form of Consideration Shares and Convertible Bonds issuance, and that the valuation of the Consideration Shares and Convertible Bonds are highly sensitive to the movement of the Company's share price and other market inputs, the consideration to be recognised upon the Completion can be substantially different from the hypothetical fair value at 31 March 2014 as set out above and may have an impact on the goodwill as set out below.

5. Goodwill

The identifiable assets and liabilities of the Target Group acquired by the Group are accounted for in the unaudited pro forma financial information of the Enlarged Group at fair value under the acquisition method in accordance with HKFRS 3, which will also be adopted by the Group upon the Completion.

For the purpose of preparing the unaudited pro forma financial information, the Directors assessed that the fair values of the identifiable assets and liabilities of the Target Group approximate to their carrying amounts at 31 March 2014.

	At 31 March 2014 *HK$'000*
Cost of the Acquisition *(Note 4)*	274,680
Fair value of identifiable net assets of the Target Group at 31 March 2014	(15,002)
Fair value of the Sale Loan	(8,830)
Goodwill arising from the Acquisition	250,848

Related pro forma adjustment has been made to recognise the goodwill amounting to approximately HK$250,848,000, which is the excess amount of the consideration paid over the fair value of the net identifiable assets of the Target Group at 31 March 2014 as if the Acquisition had been completed on 31 March 2014. The accounting policies adopted in preparing these adjustments are applied on the same basis as the Group would normally adopt in preparing its annual financial statements.

Upon completion of the Acquisition, the fair value of the identifiable assets and liabilities of the Target Group will be reassessed. The fair value of identifiable assets and liabilities of the Target Group upon the Completion may be substantially different from the fair value of the identifiable assets and liabilities used in the preparation of this unaudited pro forma financial information. The final amount of fair value of the consideration as set out in Note 4 above and the fair value of identifiable assets and liabilities of the Target Group, as well as goodwill (or gain on bargain purchase) to be recognised in connection with the Acquisition upon the Completion may be different from the estimated amount stated herein.

For the purpose of the unaudited pro forma financial information, the Directors have made an assessment on whether there is any impairment in respect of the goodwill arising from the Acquisition with reference to Hong Kong Accounting Standard 36 "*Impairment of Assets*" issued by the HKICPA, which is consistent with the accounting policy of the Group. The assessment is based on an estimation of the Target Group's net present value arrived from a cash flow projection prepared by the management of the Target Group to assess if the Group's proposed investment in the Target Group (including goodwill) upon the Completion would be impaired. The key assumptions of the cash flow projection are (i) a declining projected growth rate for the five years after the Completion; (ii) a flattened growth rate being an estimated inflation rate for the next five years and (iii) a pre-tax discount rate of 18.8% per annum. The Directors concluded that there is no impairment in goodwill as the recoverable amount of the Group's proposed investment in the Target Group (Sale Assets and Sale Loan) is higher than its carrying value of approximately HK$274,680,000 as set out above. The Group will adopt consistent accounting policies and principal assumptions and valuation method (as used in the unaudited pro forma financial information) to assess the impairment of the Enlarged Group's goodwill in future, and communicate such basis with its current auditor.

6. No adjustment has been made to the unaudited pro forma financial information for acquisition-related costs (including advisory, legal, accounting, valuation and other professional fees). The total acquisition-related costs are estimated to be approximately HK$3,000,000.

7. Apart from the adjustments as stated above, no adjustments have been made to reflect any trading results or other transactions of the Group and of the Target Group entered into subsequent to 31 March 2014.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.01 each as at the Latest Practicable Date and upon the allotment and issue of the Consideration Shares and the full conversion of all of the Convertible Bonds under the initial conversion price will be as follows, assuming no further shares will be issued or repurchased between the Latest Practicable Date and the date of Completion:

Authorised		*HK$*
40,000,000,000	Shares	400,000,000
30,000,000,000	convertible preference shares with par value at HK$0.01 each	300,000,000
		700,000,000
Issued as fully paid		
1,345,938,948	Shares as at the Latest Practicable Date	13,459,389
269,058,296	Consideration Shares to be allotted and issued upon Completion	2,690,583
240,000,000	Conversion Shares to be issued assuming full conversion of the Convertible Bonds to be issued under the initial conversion price	2,400,000
1,854,997,244	Shares	18,549,972

3. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions in which they are deemed or taken to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors as required to be notified to the Company and the Stock Exchange, were as follows:

Long position in Shares

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

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

(ii) Persons who have interests or short positions in Shares, underlying Shares and debentures of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the Shares, underlying Shares and debentures of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group, or held any option in respect of such capital:

Long position in Shares

Substantial Shareholders:

Name	Capacity	Number of Shares held	Approx. % shareholdings
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	7.89%
United Overseas Bank Limited	Beneficial owner	69,457,701	5.16%
UOB Asset Management Ltd	Investment manager	69,457,701	5.16%

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person who has an interest or short position in the Shares, underlying Shares and debentures of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at the Latest Practicable Date.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business or has any interest that competes or may compete with the business of the Group or has any other conflict of interest with the Group.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

(i) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group; and

(ii) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 31 March 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance which were pending or threatened against any members of the Enlarged Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group within the two years preceding the issue of this circular and are or may be material:

(i) the subscription agreement dated 3 April 2013 entered into between the Company and GO Global Investments Limited in relation to the allotment and issuance of 1,400,000,000 convertible preferred shares (with warrants) at HK$0.228 per convertible preferred share for an aggregate subscription price of HK$319.2 million (the "Subscription Agreement");

(ii) the letter of termination dated 10 May 2013 entered into between the Company and GO Global Investments Limited in relation to the termination of the Subscription Agreement;

(iii) the sale and purchase agreement dated 8 July 2013 and entered into between Good Tactics Limited, a wholly-owned subsidiary of the Company, as the vendor and Mr. Wong Chun as the purchaser, in relation to the disposal of the preferred shares of Coland Group Limited for a consideration US$18 million (equivalent to approximately HK$140.4 million);

(iv) the sale and purchase agreement dated 29 August 2013 and entered into between Nation Zone Holdings Limited, a wholly-owned subsidiary of the Company, as the vendor and Mr. An Hui Jian as the purchaser, in relation to the disposal of entire issued share capital of Smart Tactic Limited for a consideration of US$2 million (equivalent to approximately HK$15.6 million); and

(v) the Sale and Purchase Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert contained in this circular:

Name	Qualification
Mazars CPA Limited	Certified public accountants

Mazars CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letter and/or report and/or the reference to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, Mazars CPA Limited did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Mazars CPA Limited did not have any direct or indirect interest in any assets which have been, since 31 March 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. 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 in Hong Kong is at Suite 1318, 13th Floor, Two Pacific Place, 88 Queensway, Hong Kong.

(ii) The company secretary of the Company is Mr. Law Wai Fai, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

(iii) The compliance officer of the Company is Mr. Ding Yi, who is the Chairman and executive Director.

(iv) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(v) The English text of this circular, the notice of the SGM and the accompanying form of proxy shall prevail over their respective Chinese texts in case of inconsistency.

(vi) The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's financial information and to oversee the financial reporting process and internal control systems of the Group. The audit committee comprises three members, including Mr. Stephen Luk Kai Ming, Mr. Kenneth Kon Hiu King and Mr. Joseph Liang Hsien Tse, all of whom are independent non-executive Directors. Mr. Joseph Liang Hsien Tse has the appropriate financial and accounting experience required by the GEM Listing Rules and acts as the chairman of the audit committee. Brief biographies of the members of the audit committee of the Company are set out below:

Mr. Stephen Luk Kai Ming ("Mr. Luk"), aged 46, is the director of Montres Journe (Hong Kong) Limited and Montres Journe (Beijing) Limited since 2006 and 2009, respectively, both of these companies are exclusive authorized retailers in the PRC of F.P. Journe, a high-end watch manufacturer of Switzerland.

Between 2010 and 2012, Mr. Luk was also the director of Independence (Hong Kong) Limited, the authorized retailer of a number of independent watchmakers, tailors, and shoemakers.

Mr. Luk has been the Adjunct Associate Professor of School at Hong Kong Baptist University since 2014. He has been the Adjunct Assistant Professor of the School of Accounting and Finance at Hong Kong Polytechnic University since 2006, and was Assistant Professor from 2001 to 2005. He was also the visiting lecturer of Microeconomics and Macroeconomics for the MBA course at the Hong Kong Polytechnic University (International College for Innovative Training at Zhuhai, the PRC) in August 2002. Mr. Luk took positions such as tutor and teaching assistant at the University of California Berkeley ("UC Berkeley") between 1995 and 1998. Before that, he was a tutor at University of Southern California ("USC") from 1990 to 1991. In addition, Mr. Luk has been a treasurer of Asian Competition Forum at the Hong Kong Polytechnic University since 2005. He was the committee member of International Association for Energy Economics (Hong Kong Affiliate) during 2005 and 2008. Mr. Luk was also a jury member of the Geneva Watchmaking Grand Prix, being the first and only Chinese, from 2004 to 2007. Mr. Luk published various academic journals in the areas of economics, mathematics and the electricity market. In addition, he has participated in various consultation projects in relation to economics and the electricity market.

Mr. Luk graduated from USC with a Bachelor of Arts degree in Economics in May 1991. He also completed a Ph.D. in Economics at UC Berkeley in May 2001. During his study in USC and UC Berkeley, he received numerous honors and awards including the title of Phi Beta Kappa, the highest honor of outstanding student in the United States of America.

Mr. Kenneth Kon Hiu King ("Mr. Kon"), aged 52, was appointed as a director and deputy chief executive of Dan Form Holdings Company Limited ("Dan Form") in October 1994, and was re-designated as its non-executive director in October 2012. Dan Form is listed on the Main Board of the Stock Exchange with a stock code of 271 and owns significant property interests in Hong Kong.

Between 1999 and 2007, Mr. Kon was also an independent non-executive director of Jingwei Textile Machinery Company Limited, a company listed on the Main Board of the Stock Exchange with a stock code of 350.

Mr. Kon has been involved in the planning of many large-scale investments and development projects in the PRC and Hong Kong and has over 26 years' experience in investment and management in manufacturing industries and property development. He also has extensive experience in securities trading, corporate finance, mergers and acquisitions and corporate restructuring.

Mr. Kon graduated from the Middlesex University in the United Kingdom with a Bachelor's degree in Business Studies in 1987.

Mr. Joseph Liang Hsien Tse ("Mr. Liang"), aged 60, was appointed as an independent non-executive director of LifeTech Science Corporation, a company listed on the GEM with a stock code of 8122 and thereafter transferred to the Main Board of the Stock Exchange with a stock code of 1302, with effect from 22 October 2011. He was also appointed as an independent non-executive director of China Animal Healthcare Limited on 6 June 2014, a company listed on the Main Board of the Stock Exchange with a stock code of 940. Mr. Liang has served as a special consultant on campus development at the United International College ("UIC") in Zhuhai, the PRC since October 2011. He has been the executive vice president – Finance of TWS Industrial (Holdings) Ltd, a private company engaged in battery production, since 6 October 2011. He later acted as Consultant from August 2013 to December 2013. He returned to full time teaching as associate professor at UIC in September 2013.

Mr. Liang has extensive experience in finance and accounting. From October 2009 to September 2011, Mr. Liang was the managing director of the financial planning and development department at the UIC and was responsible for serving financial advisory and human resources management functions. During October 2005 to December 2008, he was a director at Shenzhen Alclear Consulting Limited, a company engaging in financial, corporate management and investment consultancy services, and was responsible for developing accounting training in the PRC. Between August 2001 and October 2005, Mr. Liang served various roles at Skyworth Digital Holdings Limited, a company listed on the Main Board of the Stock Exchange with a stock code of 751, including as the group's financial controller and company secretary in charge of finance and management information system functions. From November 1993 to August 2001, he was the finance manager at Hongkong International Terminals Limited for Yantian International Container Terminals, both companies being container terminal companies managed by the Hutchison Port Holdings Trust.

Mr. Liang completed a diploma in business management from the Hong Kong Baptist College in December 1977. He also obtained a Master's degree in Professional Accounting from the University of Texas, Austin in May 1981. Mr. Liang later obtained a Bachelor's degree in language and translation from the Hong Kong Open University in December 2007.

Mr. Liang is a member of the Texas Society of Certified Public Accountants, Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) since June 1982 and the Association of Certified Chartered Accountants (ACCA) since May 1982.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at the address of Suite 1318, 13th Floor, Two Pacific Place, 88 Queensway, Hong Kong up to and including the date of the SGM:

(i) the Memorandum of Association and the Bye-Laws of the Company;

(ii) the annual reports of the Company for each of the three years ended 31 March 2012, 2013 and 2014;

(iii) the accountants' reports on the financial information of the Dragon Group for the period ended 31 March 2014 and 30 June 2013 prepared by Mazars CPA Limited, the text of which is set out in Appendix II to this circular;

(iv) the report from Mazars CPA Limited on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(v) the written consent from Mazars CPA Limited as referred to in the section headed "Expert and Consent" in this appendix;

(vi) the material contracts as referred to in the section headed "Material Contracts" in this appendix; and

(vii) this circular.

North Asia Strategic Holdings Limited
北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

NOTICE IS HEREBY GIVEN that the special general meeting (the "SGM") of North Asia Strategic Holdings Limited (the "Company") will be held at 10:00 a.m. at Admiralty Conference Centre, 1804A, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 8 August 2014 for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the acquisition (the "Acquisition") by the Company of the entire issued share capital of Dragon Mining Overseas Limited ("Dragon Mining") and the amounts due from Dragon Mining to Million Land Limited ("Vendor") at completion, pursuant to the agreement dated 13 June 2014 (the "Agreement", a copy of which has been produced to the meeting marked "A" and initialed by the chairman of the meeting for identification purposes) entered into between the Vendor, the Company and Mr. Chan Sik Lap, and all the transactions contemplated thereby, be and are hereby approved; and the directors of the Company be and are hereby authorised to exercise all the powers of the Company to allot and issue up to 269,058,296 new shares ("Consideration Shares") of HK$0.01 each and up to 240,000,000 new shares ("Conversion Shares") of HK$0.01 each (or such greater number as may be required to be issued as a result of an adjustment to the conversion price as provided for in accordance with the terms and conditions of the zero coupon convertible bonds ("Convertible Bonds") to be issued by the Company in partial satisfaction of the consideration of the Acquisition) in the capital of the Company upon conversion of the Convertible Bonds; and

(b) the directors of the Company be authorised to do all such acts and things, including agreeing to such amendments or extensions as they may consider necessary or expedient or desirable to give effect to or in connection with the Agreement and the allotment and issue of the Consideration Shares and the Conversion Shares, or any of the transactions contemplated thereby."

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

Hong Kong, 24 July 2014

* *For identification purpose only*

Principal place of business:
Suite 1318, 13th Floor
Two Pacific Place
88 Queensway
Hong Kong

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company (a "Member") entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member.

2. In order to be valid, the instrument appointing a proxy, together with a power of attorney or other authority under which it is signed, or a certified copy of such power of attorney, shall be delivered to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Delivery of an instrument shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.