

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE 2015

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

* For identification purpose only

RESULTS

The Board of directors (the “Board”) of North Asia Strategic Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th June 2015 (the “Quarter”), together with the comparative unaudited figures of the corresponding period in 2014.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30th June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	428,619	258,978
Cost of sales		<u>(374,432)</u>	<u>(224,830)</u>
Gross profit		54,187	34,148
Other income and gains, net		7,331	183
Selling and distribution expenses		(25,416)	(18,205)
General and administrative expenses		<u>(22,220)</u>	<u>(16,720)</u>
Operating profit/(loss)		13,882	(594)
Finance income	4	698	1,873
Finance costs	4	<u>(849)</u>	<u>(11)</u>
Profit before income tax		13,731	1,268
Income tax expense	5	<u>(4,079)</u>	<u>(1,108)</u>
PROFIT FOR THE PERIOD		<u>9,652</u>	<u>160</u>
Profit per share attributable to ordinary shareholders of the Company	6		
Basic			
— For profit for the period (<i>HK cents</i>)		<u>0.52</u>	<u>0.01</u>
Diluted			
— For profit for the period (<i>HK cents</i>)		<u>0.47</u>	<u>0.01</u>

Details of the dividend are disclosed in note 7 to this announcement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30th June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>9,652</u>	<u>160</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences:		
Currency translation differences of foreign operations	<u>(178)</u>	<u>(118)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>(178)</u>	<u>(118)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,474</u>	<u>42</u>

Notes:

1. General information

The Group is principally engaged in the following businesses:

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

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

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

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

This announcement has been approved for issue by the Company’s board of directors on 6th August 2015.

2. Basis of preparation

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

This announcement does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st March 2015.

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st March 2015, except for the adoption of the following revised standards and interpretations for the first time for the current period’s financial information:

Amendments to HKAS 19

Defined Benefit Plans: Employee Contribution

Annual Improvements 2010-2012 Cycle

Amendments to a number of HKFRSs

Annual Improvements 2011-2013 Cycle

Amendments to a number of HKFRSs

3. Turnover and revenue

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

	For the three months ended 30th June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Sales of goods	420,640	256,307
Commission and other service income	1,152	2,671
Consulting fee income	6,827	—
	<u>428,619</u>	<u>258,978</u>

4. Finance income and costs

An analysis of finance income and costs as follows:

	For the three months ended 30th June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Finance income:		
Interest income from bank deposits	339	1,202
Interest income from notes receivable	117	234
Increase in discounted amounts arising from the passage of time	242	437
	<u>698</u>	<u>1,873</u>
Finance costs:		
Interest on bank loans wholly repayable within five years	510	11
Interest on convertible bond redeemable within five years	314	—
Net foreign exchange loss on financing activities	25	—
	<u>849</u>	<u>11</u>

5. Income tax expense

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

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

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

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

	For the three months ended	
	30th June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	2,097	1,026
Mainland China enterprise income tax		
— current period	32	82
Overseas taxation		
— current period	1,950	—
	4,079	1,108

6. Earnings per share

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

Diluted earnings per share amounts for the three months ended 30th June 2015 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the profit for the three months ended 30th June 2015 are adjusted to reflect the interest expense on convertible bond and fair value gain on derivative component of convertible bond less tax effect, if any.

No adjustment has been made to the basic earnings per share amounts presented for the three months ended 30th June 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during 30th June 2014.

	For the three months ended	
	30th June	
	2015	2014
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation <i>(HK\$'000)</i>	9,652	160
Interest on convertible bond <i>(HK\$'000)</i>	314	—
	<hr/>	<hr/>
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation <i>(HK\$'000)</i>	9,966	160
	<hr/> <hr/>	<hr/> <hr/>
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,868,843,398	1,345,938,948
Effect of dilution — weighted average number of ordinary shares: Convertible bond	240,000,000	—
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	2,108,843,398	1,345,938,948
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7. Dividend

The directors do not recommend the payment of an interim dividend for the three months ended 30th June 2015 (2014: Nil).

8. Equity

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2015	16,150	1,129,598	(89,403)	1,056,345
Profit for the period	—	—	9,652	9,652
Currency translation differences of foreign operations	—	(178)	—	(178)
Total comprehensive income for the period	—	(178)	9,652	9,474
Issue of shares (<i>note</i>)	3,000	27,168	—	30,168
Balances at 30th June 2015	<u>19,150</u>	<u>1,156,588</u>	<u>(79,751)</u>	<u>1,095,987</u>
Balances at 1st April 2014	13,459	1,094,029	(114,956)	992,532
Profit for the period	—	—	160	160
Currency translation differences of foreign operations	—	(118)	—	(118)
Total comprehensive income for the period	—	(118)	160	42
Balances at 30th June 2014	<u>13,459</u>	<u>1,093,911</u>	<u>(114,796)</u>	<u>992,574</u>

Note:

On 15th April 2015, the Company issued 300,000,000 new ordinary shares to Ms. Lu Ying, holder of the convertible bond, at a placing price of HK\$0.105 per placing share, pursuant to the placing agreement which the Company entered into on 30th March 2015 with the placing agent to place new shares on a best efforts basis. The transaction costs includes legal fees and other professional fees related to the placement was approximately HK\$1,332,000.

BUSINESS REVIEW

Financial and Business Performance

For the three months ended 30th June 2015 (the “quarter”), the Group recorded an unaudited consolidated revenue of approximately HK\$428,619,000 versus an unaudited consolidated revenue of approximately HK\$258,978,000 in the corresponding period last year, representing an increase of 65.5%. During the quarter, the increase of unaudited consolidated revenue was mainly due to a significant increase of sales of the hi-tech distribution and service division by approximately 62.9% and contribution of revenue from the newly acquired mining consulting business.

During the quarter, the Group recorded an unaudited consolidated net profit of approximately HK\$9,652,000, represented an increase of 5,932.5% compared to an unaudited consolidated net profit of approximately HK\$160,000 for the corresponding period last year.

During the quarter, the Group’s operating expenditures amounted to approximately HK\$47,636,000, represented an increase of approximately 36.4% from approximately HK\$34,925,000 in the corresponding period last year. The increase were mainly due to increase in staff commission, travelling expenses and other related selling and distribution expenses incurred by the hi-tech distribution and services division which were in line with the increase in its revenue in the quarter. In addition, the operating expenditures from the newly acquired mining consulting business also attributable to such increase.

The unaudited basic earnings per share in the quarter was approximately HK0.52 cents whereas the Group recorded an unaudited basic earning per share of approximately HK0.01 cents for the corresponding period last year. Furthermore, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK\$0.572 as at 30th June 2015 and which reflected a decrease of HK\$0.082 from HK\$0.654 as at 31st March 2015.

Corporate Development

On 15th April 2015, 300,000,000 ordinary shares were issued at a placing price of HK\$0.105 per share pursuant to the placing of shares to Ms. Lu Ying, holder of the convertible bond at the time being, through the placing agent on a best effort basis. The placing proceed net of placing commission amounted to approximately HK\$30 million was used as general working capital of the Group.

Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 28 years serving its customers in the hi-technology sector. American Tec’s team of more than 250 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. American Tec is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the quarter, the unaudited revenue of the division was approximately HK\$421,792,000, represented an increase of about 62.9% from approximately HK\$258,978,000 in the corresponding period last year. The significant increase in division revenue was mainly due to a strong demand for SMT equipment across the electronic manufacturing sector.

The division recorded approximately HK\$406,258,000 of direct machine sales, HK\$182,000 of software sales, HK\$14,200,000 of spare parts sales and HK\$1,152,000 of commission and other service income for the quarter, compared with approximately HK\$235,029,000 of direct machine sales, HK\$432,000 of software sales, HK\$20,846,000 of spare parts sales and HK\$2,671,000 of commission and other service income for the corresponding period last year. During the quarter, the gross profit margin of this division was approximately 11.5%, representing a 1.7% decrease from that of 13.2% for the corresponding period last year. The management has continued to keep the overall operational cost in control and align with the level of business activities. Accordingly, American Tec has managed to achieve an unaudited net profit of approximately HK\$10,347,000 for the quarter, represented an increase of 150.3% from approximately HK\$4,133,000 in the corresponding period of last year.

Mining Consulting Division

The Group conducts its mining consulting business through its wholly-owned subsidiary, Dragon Mining Consulting Limited (“Dragon Group”). Dragon Group is principally engaged in providing advisory services in the scope of exploration and valuation for various stages of mining projects. The core services are managed by a group of dedicated professionals. The senior members of management have at least 10 years of experience gained from various international mining consulting and mining companies, and proven expertise in a wide range of geological settings and deposit types. Dragon Group possesses competitive advantages in the industry due to the high barrier of entry of mining consulting business that involves highly specialised professional nature.

Dragon Group began its business by providing services to a number of projects in Central and Southeast Asia since 2012. Dragon Group mainly provides services in operation management, exploration management, geological and technical field services, exploration auditing, resource modelling and estimation, and other related technical services in the Central Asia. Especially, Dragon Group has effectively established its brand in Kazakhstan with positive market feedback. In addition, Dragon Group's professional team has profound experience in exploration work in the Philippines, Cambodia and other countries of Southeast Asia and it has been engaged in laboratory operation, processing plant management, public relationship management and drilling services mainly to some copper-gold polymetallic projects in the Southeast Asia region.

During the quarter, the unaudited revenue and net profit of the division was approximately HK\$6,827,000 and HK\$3,953,000 respectively. The division's revenue was derived from projects in Central Asia, Southeast Asia and other districts including Hong Kong accounted for 88%, 11% and 1% respectively.

Business Update

Central Asia

Dragon Group is currently engaged in a gold exploration management project in Kazakhstan (the "Kazakhstan gold project") to provide operation management, exploration management, geological and technical field services, marketing and other related services. In the previous quarter, Dragon Group had already assisted this client to complete the first phase of exploration with satisfaction. However, the work progress on the exploration has slowed down during the quarter due to the continuous strength of US dollar that has put pressure on metal prices and resulted in fund raising opportunity more challenging for the gold mining industry. During the quarter, revenue recorded from Central Asia region contributed approximately HK\$6,016,000 or around 88% to revenue of the division, which represents a decrease of 66.8% from HK\$18,032,000 in the previous quarter. The decrease in revenue was resulted from temporary shrinkage and postponement of exploration activities of the Kazakhstan gold project during the first quarter of 2015.

Southeast Asia

Dragon Group was currently engaged in a copper-gold polymetallic project (the "Copper-Gold Project") and to provide laboratory operation, processing plant management and public relationship management on this Copper-Gold Project. In the year of 2014, there was a major change in the new mining regulation of Indonesia that became effective and requested mineral raw materials to be processed in Indonesia, rather than being exported in a raw state. That resulted in temporary shrinkage and postponement of exploration activities of the existing Indonesia Copper-Gold projects. During the quarter, revenue recorded from Southeast Asia region contributed approximately HK\$751,000 or around 11% to revenue of the division, which represented a decrease of 62.7% from HK\$2,012,000 in the previous quarter.

Moreover, this project has already been affected by some incidents such as shortage of water supply due to adverse drought season in the second quarter of the year 2014 and local community's concerns on the drilling activities in the first quarter of the year 2015 that led to postponement of the drilling work. Although the above concerns have been addressed and conversations with the local community are in progress, the project owner is considering re-allocating the capital and human resources from conducting exploration to resuming production in an area whose local community supports the mining activities. Dragon Group thus is expected to serve as a mining consultant by providing mining recommendations and to assist in logistics and preparation work for the production activities from the coming quarter.

Other districts including Hong Kong

Dragon Group provides technical consulting, valuation and other consulting services for customers in this region. During the quarter, revenue recorded from other districts including Hong Kong contributed approximately HK\$60,000 or around 1% to revenue of the division.

OUTLOOK

Overall Summary

The management is confident in the underlying strength of the Hi-tech distribution and services with launch of "Industry 4.0" initiative, coupled with the China government pushed "Smart Manufacturing 2025" project. Furthermore, with the launch of China-led Asia Infrastructure Investment Bank, the OBOR set the new development road map for China and surrounding nations and regions, we expect OBOR offers enormous opportunities to our mining consulting business in the coming year. Our focus will be continued to manage cash, costs and risks and, to build our strength during this times by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

The introduction of 4G-LTE network in China had help spur demands for new mobile handsets as well as internet devices last year. However, as user base reaches maturity and replacement of feature phones and older generation 3G handsets levels out, the growth of mobile phone demand is expected to slow down in the coming year. However, as mobile phone and internet device manufacturers rolls out new models with increasing features and functions, the need for more advanced and faster machines will continue. We believe the higher speed placement machines, new generation 3D inspection systems and automation equipment to be introduced later this year by our partners will be well received by our customers. The launch of "Industry 4.0" initiative, coupled with the China government pushed "Smart Manufacturing 2025" project is expected to expedite the adoption of more automations in the manufacturing industry, creating demands for more technologically advanced machines as well as software. With this outlook, we will continue to work closely with our partners to provide more competitive product offerings and solutions to our customers and we will continue to invest in our service and support infrastructure so as to attain total customer satisfaction and customer retention. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to protect our cash flow and profitability, as well as the long term sustainability and growth of our business.

Mining Consulting Division

Policy-driven mining industry

With the launch of China-led Asia Infrastructure Investment Bank (AIIB), the “One Belt, One Road” initiative (OBOR), which was announced by China’s chairman Xi Jinping on a visit to Kazakhstan in 2013, has become a topical issue again. The OBOR concerns 65 countries and 4.4 billion people, which includes the Silk Road Economic Belt which links China with Central Asia, Russia and the Baltic states over land, and building water routes with nations in Southeast Asia and around the Indian Ocean. The initiative calls for the integration of the region into a cohesive economic area through building infrastructure, increasing cultural exchanges, and broadening trade. By now, over two dozen Asian countries and some European and Oceanian countries have joined AIIB, which aim at assisting regional neighbors in infrastructure development and the creation of facilities to support the OBOR, followed by a series of announced and yet-to-be announced new policies. All these signals have boosted the market outlook in the covered regions, especially Central Asia. It is anticipated that the regional infrastructure development in the near future, including logistics hubs, communication networks, airports, railway lines, modern highways, ports and so on, will inevitably stimulate the demand for commodities in the region and will introduce enormous opportunities for the rich mineral resources in Central Asia despite the current downturn in the global mining industry and the global economic instability.

As a business pioneer in Central Asia, Dragon Group is determined to seize the great chance and make full use of its resources and has positioned itself as a gateway to Central Asia for new investors. From the beginning of the year 2015, Dragon Group has adopted new marketing strategies and has been actively participating seminars and relevant business development activities. Dragon Group’s recent marketing activities have brought in loads of enquires about mining opportunities in Central Asia.

Some Southeast Asia countries still underwent political changes which had certain side effect on the mining industry in the region. Since the mining industry in some countries is still undergoing market transformation, it is believed that in the long term these changes will influence the industry positively. Many countries, such as Indonesia, have in the meanwhile announced favorable policies to assist miners and investors on license procedures, tax and financing matters. As one of the OBOR beneficiary regions, Southeast Asia also gains the popularity and attention in the international market, which will speed up the industry recovery.

Commodities price driven mining industry

Globally, metal prices are expected to remain low in the short term. Given the strength of US dollar and expected increase in US interest rate, availability of exploration fund may be limited the mining consulting division may be indirectly affected.

However, Dragon Group will continue seeking new business opportunities in Southeast Asia and looks forward to the expansion of service types in the region, from exploration to production.

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

As at 30th June 2015, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

Long positions in the shares of the Company

Name of Directors	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
Ding Yi	Beneficial owner	402,445,296 ⁽¹⁾	21.02%
Zhang Yifan	Family interest	402,445,296 ⁽¹⁾	21.02%

Note:

(1) These shares are beneficially held by Mr. Ding Yi. Accordingly, Ms. Zhang Yifan, being the wife of Mr. Ding, is deemed to be interested in these shares under the SFO.

Save as disclosed above, as at 30th June 2015, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2015, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares and/or underlying shares of the Company

Name of Shareholders/ Convertible Bondholder	Capacity	Number of ordinary shares held	Number of underlying share held	Approximate percentage of shareholdings <i>(Note b)</i>
Lu Ying	Beneficial owner	569,058,296	240,000,000 <i>(Note a)</i>	42.25%
C.L Davids Fond og Samling	Beneficial owner	106,178,010	—	5.54%

Notes:

- (a) *These underlying shares arise from the convertible bond (the "Convertible Bond") in the aggregate amount of HK\$60 million which upon full conversion will result in an issuance of 240,000,000 conversion shares at the initial conversion price of HK\$0.25 (subject to adjustment).*
- (b) *The above approximate percentages of shareholdings are based on 1,914,997,244 ordinary shares of the Company in issue as at 30th June 2015, not on the total number of issued shares upon full conversion of the Convertible Bond.*

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has any interests or short positions in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 30th June 2015.

SHARE OPTION SCHEME

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 30th June 2015, no share options have been granted by the Company pursuant to the 2014 Scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 30th June 2015, no share options have been granted pursuant to the Best Creation Scheme.

COMPETING INTERESTS

As at 30th June 2015, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the three months ended 30th June 2015.

CORPORATE GOVERNANCE CODE

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the three months ended 30th June 2015, acting in compliance with the Code.

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

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term. However, Mr. James Tsiolis, a former non-executive Director who was elected by the shareholders at the general meeting of the Company, has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meetings in accordance with the bye-laws of the Company. Mr. James Tsiolis resigned as Deputy Chairman and non-executive Director of the Company on 17th July 2015.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. During the period under review and up to the date of this announcement, the committee comprises of not less than three members, namely Mr. Joseph Liang Hsien Tse, Mr. Stephen Luk Kai Ming (who ceased to be a member upon his resignation as an independent non-executive Director of the Company on 10th April 2015), Mr. Kenneth Kon Hiu King and Mr. Pierre Tsui Kwong Ming, all being independent non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the three months ended 30th June 2015 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 6th August 2015

As at the date of this announcement, the Board comprises Mr. Ding Yi (Chairman and Executive Director) and Ms. Zhang Yifan (Executive Director); Mr. Joseph Chan Nap Kee (Non-executive Director); and Mr. Joseph Liang Hsien Tse, Mr. Kenneth Kon Hiu King and Mr. Pierre Tsui Kwong Ming (being Independent Non-executive Directors).

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