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NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

STATUS OF COMPLETION OF THE PLACEMENT AND MONTHLY UPDATE ON OUTSTANDING CONVERTIBLE BONDS AND PREFERENCE SHARES

Due to certain unresolved local legal and regulatory issues involving the Relevant Placees, the Subscription Agreements with the Relevant Placees have not been completed. The total number of Preference Shares issued by the Company under the Placement was reduced from 7,630,926,793 as disclosed in the January Circular to 7,383,166,793, and the net proceeds raised from the Placement was reduced from HK\$1,181.6 million as disclosed in the January Circular to HK\$1,142.8 million.

The Directors also wish to update the Shareholders and public investors of the conversion, if any, of the outstanding Convertible Bonds and Preference Shares during March 2006 below.

Reference is made to (i) the announcements of the Company dated 30th December 2005 and 16th January 2006 in relation to the proposed Placement, Services Agreement, increase in authorised share capital, creation of a new class of Preference Shares and amendments to the Bye-laws of the Company; (ii) the announcement of the Company dated 23rd January 2006 in relation to the waiver of adjustment of conversion price of Convertible Bonds; (iii) the circular of the Company (the “January Circular”) dated 24th January 2006 containing details of the aforesaid proposed transactions; (iv) the announcement of the Company dated 20th February 2006 relating to the results of voting at the Special General Meeting at which the relevant resolutions in respect of the aforesaid transactions were duly approved; (v) the announcements of the Company dated 6th and 13th March 2006 relating to the status of completion of the Placement (the “Completion Announcements”). Capitalised terms used herein have the same meanings as defined in the January Circular and the Completion Announcements unless specified otherwise.

NON-COMPLETION OF THE PLACEMENT TO THE RELEVANT PLACEES

As stated in the Completion Announcements, due to certain outstanding local legal and regulatory issues involving the Relevant Placees, completion of the remaining two Subscription Agreements with the Relevant Placees has been deferred to 30th March 2006. The Company understands that as at 30th March 2006, those local legal and regulatory issues have not been resolved. Accordingly, the Relevant Placees were unable to complete their Subscription Agreements on 30th March 2006. Pursuant to the terms of the Subscription Agreements with the Relevant Placees, the Company exercised its right to terminate the Subscription Agreements by notice in writing to the Relevant Placees on 3rd April 2006.

** For identification purpose only*

Pursuant to their Subscription Agreements, the Relevant Placees have initially agreed to subscribe for 247,760,000 Preference Shares. As a result of the termination of the Subscription Agreements with the Relevant Placees, the total number of Preference Shares issued by the Company under the Placement was reduced from 7,630,926,793 as disclosed in the January Circular to 7,383,166,793, and the net proceeds raised from the Placement was reduced from HK\$1,181.6 million as disclosed in the January Circular to HK\$1,142.8 million. The Directors do not consider the termination of the Subscription Agreements with the Relevant Placees would have any material adverse effect on the financial position or business operations of the Group.

The follow table sets out the share capital structure of the Company as at the date of this announcement:

| | Number of shares | HK\$ |
|--|-------------------------|--------------------|
| <i>Authorised :</i> | | |
| Ordinary Shares | 40,000,000,000 | 400,000,000 |
| Preference Shares | 30,000,000,000 | 300,000,000 |
| | | <u>700,000,000</u> |
| <i>Issued and paid up:</i> | | |
| Fully paid ordinary Shares | 95,794,716 | 957,947 |
| Partly paid Preference Shares (1/4 of the par value of the Preference Shares, i.e. HK\$0.0025 each, have been paid up) | 7,383,166,793 | 18,457,917 |
| | | <u>19,415,864</u> |

SHAREHOLDING STRUCTURE

Set out below are the Company's shareholding structures (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.1566; (iii) upon full conversion of the Preference Shares at the 1-to-1 conversion ratio; and (iv) upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.1566 and the Preference Shares at the 1-to-1 conversion ratio:

| | As at the date of this announcement | | Upon full conversion of the Convertible Bonds | | Upon full conversion of the Preference Shares | | Upon full conversion of the Preference Shares and the Convertible Bonds | |
|--|--|---------------------|---|---------------------|---|---------------------|---|---------------------|
| | Shares | % | Shares | % | Shares | % | Shares | % |
| NASAC | 44,163,474 | 46.1 | 132,490,421 | 59.3 | 44,163,474 | 0.6 | 132,490,421 | 1.7 |
| Mr. Tsang | 20,202,886 | 21.1 | 59,589,859 | 26.7 | 20,202,886 | 0.3 | 59,589,859 | 0.8 |
| Huge Top (Note 1) | 1,598,113 | 1.7 | 1,598,113 | 0.7 | 1,598,113 | 0.0 | 1,598,113 | 0.0 |
| Right Action Offshore Inc. (Note 2) | 1,024,000 | 1.1 | 1,024,000 | 0.5 | 1,024,000 | 0.0 | 1,024,000 | 0.0 |
| VSC BVI (Note 3) | 6,336,309 | 6.6 | 6,336,309 | 2.8 | 6,336,309 | 0.1 | 6,336,309 | 0.1 |
| TN Development Limited (Note 4) | 1,633,676 | 1.7 | 1,633,676 | 0.7 | 1,633,676 | 0.0 | 1,633,676 | 0.0 |
| AICV | — | — | — | — | 148,659,004 | 2.0 | 148,659,004 | 1.9 |
| Timeless | — | — | — | — | 99,106,003 | 1.3 | 99,106,003 | 1.3 |
| | 74,958,458 | 78.3 | 202,672,378 | 90.7 | 322,723,465 | 4.3 | 450,437,385 | 5.8 |
| Anchor Investor I (Note 5) | — | — | — | — | 743,295,019 | 9.9 | 743,295,019 | 9.8 |
| Anchor Investor II | — | — | — | — | 1,238,825,032 | 16.6 | 1,238,825,032 | 16.3 |
| Anchor Investor III (Note 6) | — | — | — | — | 2,477,650,064 | 33.1 | 2,477,650,064 | 32.6 |
| Anchor Investor IV (Note 5) | — | — | — | — | 495,530,013 | 6.6 | 495,530,013 | 6.5 |
| Total Anchor Investors | — | — | — | — | 4,955,300,128 | 66.2 | 4,955,300,128 | 65.2 |
| 13 other independent Placees (Note 7) | — | — | — | — | 2,180,101,658 | 29.2 | 2,180,101,658 | 28.7 |
| Other public Shareholders | 20,836,258 | 21.7 | 20,836,258 | 9.3 | 20,836,258 | 0.3 | 20,836,258 | 0.3 |
| Total public Shareholders | 20,836,258 | 21.7 | 20,836,258 | 9.3 | 2,200,937,916 | 29.5 | 2,200,937,916 | 29.0 |
| Total | <u>95,794,716</u> | <u>100.0</u> | <u>223,508,636</u> | <u>100.0</u> | <u>7,478,961,509</u> | <u>100.0</u> | <u>7,606,675,429</u> | <u>100.0</u> |

Notes:

- Mr. Yao, an executive Director, holds approximately 11.91% direct and 42.86% indirect interests in the issued share capital of Huge Top and is entitled to exercise more than one-third of the voting power at general meetings of Huge Top.
- Mr. Yao owns the entire issued share capital of Right Action Offshore Inc.

3. VSC BVI is a wholly-owned subsidiary of VSC. Huge Top holds approximately 47.05% of VSC.
4. The issued share capital of TN is owned as to 54% by VSC BVI and as to 10% by Mr. Yao.
5. Since each of Anchor Investor I and Anchor Investor IV will hold less than 10% of the issued Shares upon full conversion of the Preference Shares, they will be treated as public Shareholders.
6. Anchor Investor III is entitled to elect to convert such number of Preference Shares as will cause it to hold (a) 29% of the issued Shares or (b) if applicable, the maximum whole number of percentage of the issued Shares it could hold without being required to make a mandatory general offer for the Shares under the Takeovers Code.
7. None of the 13 independent Placees will hold more than 10% of the issued Shares upon full conversion of the Preference Shares (whether or not the Convertible Bonds are converted) and be treated as a connected person of the Company for the purpose of the GEM Listing Rules.

MONTHLY UPDATE ON OUTSTANDING CONVERTIBLE BONDS AND PREFERENCE SHARES

References are also made to the joint announcement dated 19th May 2005 issued by the Company, NASAC and Mr. Tsang, and the announcements of the Company dated 14th July 2005 and 8th August 2005 and the circular of the Company dated 20th June 2005 (the “June Circular”).

On 8th August 2005, the Proposals (as defined in the June Circular) were completed, pursuant to which 63,856,960 Shares and the Convertible Bonds with principal value of HK\$20 million were issued to the Ajia Parties.

The Board wishes to update the Shareholders and the public investors on details of conversion of the Convertible Bonds and the Preference Shares, if any, as follows. The Board announces that:

- (i) none of the Convertible Bonds and the Preference Shares have been converted during the period from 1st to 31st March 2006;
- (ii) the Convertible Bonds outstanding remain to be HK\$20 million as at 31st March 2006 while the total number of Preference Shares outstanding as at 31st March 2006 was 7,383,166,793;
- (iii) save for the issue of the 942,528,737 Preference Shares upon completion of the four Subscription Agreements since 1st March 2006 as described in the Completion Announcements, there have been no ordinary Shares or other securities of the Company issued pursuant to other transactions during the same period, including ordinary Shares issued pursuant to the exercise of options under any share option scheme(s) of the Company; and

- (iv) the total issued share capital of the Company as at 28th February 2006 comprised 95,794,716 ordinary Shares and 6,440,638,056 Preference Shares; while the issued share capital of the Company as at 31st March 2006 comprised 95,794,716 ordinary Shares and 7,383,166,793 Preference Shares.

By order of the Board
North Asia Strategic Holdings Limited
Savio Chow Sing Nam
Executive Director and Chief Executive Officer

Hong Kong, 3rd April 2006

As at the date of this announcement, the board of Directors comprises Mr. Göran Sture Malm (Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer), Mr. Henry Cho Kim, Mr. Andrew Yao Cho Fai and Mr. Desmond Fu Hay Ching (being the executive Directors), Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching and Mr. Edgar Kwan Chi Ping (being the independent non-executive Directors).

This announcement, 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 that:— (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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 web site at www.nasholdings.com.