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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH 2006

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors of North Asia Strategic Holdings Limited (the "Directors" or the "Board") 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

* *For identification purpose only*

FINANCIAL HIGHLIGHTS

The following is a summary of the audited consolidated accounts of North Asia Strategic Holdings Limited (the "Company" or "North Asia Strategic") and its subsidiaries (collectively the "Group" or "North Asia Strategic Group") for the respective years as hereunder stated.

	2006	2005	2004	2003	2002
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**359,948**	859,685	1,429,443	811,142	428,345
(Loss)/Profit before income tax	**(16,995)**	(4,497)	(25,042)	8,464	(18,811)
Income tax credit/ (expense)	**5,007**	(5,946)	(889)	(1,840)	1,472
(Loss)/Profit after income tax but before minority interests	**(11,988)**	(10,443)	(25,931)	6,624	(17,339)
Minority interests	**—**	—	220	(34)	(1)
(Loss)/Profit attributable to the equity holders of the Company	**(11,988)**	(10,443)	(25,711)	6,590	(17,340)

Note:

No dividends have been paid or declared by the Company since its incorporation.

CONSOLIDATED BALANCE SHEETS

	As at 31st March				
	2006	2005	2004	2003	2002
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Plant and equipment	**478**	1,411	2,922	3,230	2,306
Website development costs	**6**	21	43	918	2,165
Non-current receivables	**494,135**	—	—	—	—
Long-term investments	**—**	780	2,136	685	28,201
Deferred tax assets	**—**	—	4,483	—	—
Current assets	**610,571**	163,536	377,603	333,885	194,354
Current liabilities	**(40,953)**	(163,611)	(374,542)	(324,033)	(215,660)
Non-current liabilities	**(14,642)**	—	—	—	—
Net Assets	**1,049,595**	2,137	12,645	14,685	11,366
Capital and reserves					
Share capital	**74,790**	159,659	159,638	156,450	156,450
Other reserves	**996,489**	13,818	13,904	(7,913)	(4,608)
Accumulated losses	**(21,684)**	(171,340)	(160,897)	(135,186)	(141,776)
Shareholders' equity	**1,049,595**	2,137	12,645	13,351	10,066
Minority interests	**—**	—	—	1,334	1,300
	1,049,595	2,137	12,645	14,685	11,366

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the audited consolidated results of North Asia Strategic Holdings Limited (the "Company" or "NAS") and its subsidiaries (collectively the "Group" or "NAS Group") for the year ended 31st March 2006.

The financial year ended 31st March 2006 was a challenging year for the Group. During the year, the Group's steel trading business continued to operate in a difficult environment. Turnover and gross profit margin of the Group decreased when compared to last year, which is principally due to the lasting adverse effect of the PRC's central government's continuous macro-entrenchment policies to limit excessive investments in several overheated industries including the steel and automobile as well as the real estate sector. To achieve better allocation of the Group's financial resources, management had put substantial efforts in resources re-alignment to higher margin steel products and they had also imposed strict control over spending, resulting in elimination of some unnecessary administrative expenses and selling expenses. In light of the volatility of the depressed steel price and the continuous deployment of austerity program implemented to the PRC steel market, we have decided to focus on the trading of higher margin stainless steel imported from independent third party suppliers at the end of the financial year, which is used by export-oriented manufacturers of electrical appliances and kitchen utensils. We will continue to manage the steel trading operation with a very cautious approach and focus on improving its cost efficiency and effectiveness. To diversify our product range, we have also started to trade in electronics equipments subsequent to 31st March 2006 and we will continue to look for other products for trading.

On the financing front, the Company has successfully completed two placements during the year, raising a total of approximately HK$1,186 million before expenses for future expansion and diversification plans. The first placement of ordinary shares and convertible bonds for a total of HK$30 million from North Asia Strategic Acquisition Corp. and Mr. Moses Tsang Kwok Tai (the "Ajia Parties") was completed in August 2005. Since then, the Ajia Parties has become the new controlling shareholders of the Company. The second placement was started in September 2005, resulting in issuance of non-redeemable convertible preference shares issued to 19 institutional and professional investors in February and March 2006 for a total of approximately HK$1,156 million before expenses. These 19 investors comprise internationally reputable institutions and the introduction of these investors has enhanced the shareholders profile of the Company. We believe that the placement has strengthened the overall capital base and financial capability of the Group to diversify the Group's operations from its cyclical steel trading business.

OUTLOOK

We are of the view that the placement is beneficial to the Company in the long run, as it substantially enhances the Company's financial position, coupled with the opportunity to leverage on the capability and expertise of a very seasoned and well connected group of international professional investors. We view the investors as important business partners for the future development of the Group. We are actively exploring and will continue to explore sizable investment opportunities in the acquisition of strategic, possible controlling, stakes in profitable companies in North Asia with strong cash flow in growth sectors such as the consumer, industrial, technology, media and telecommunications businesses, with a view to bringing greater return to our shareholders. In an effort to build a diversified mix of businesses, we are working hard in seeking new investment opportunities and operation platforms that have solid growth potentials. On 26th May 2006, we made an announcement of entering into a non-legally binding term sheet with Autron Corporation Limited ("Autron"), a leading assembly equipment solutions provider to the electronics manufacturing industry and listed on the Main Boards of both the Singapore and Australian Stock Exchanges, for a possible investment in its new shares and convertible bonds totaling up to approximately HK$372 million. As of the date of this announcement, due diligence on Autron and negotiation with some other possible investment targets are in progress but the Company has not entered into any definitive agreements for any investments.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to our worldwide suppliers and customers for their trust and support in our products and services throughout the years. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in NAS, as well as our staff for their dedication and diligence. From such overwhelming commitment, we will continue to pace our efforts towards the long-term development of NAS.

Göran Sture Malm
Chairman

Hong Kong, 21st June 2006

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Performance

For the year ended 31st March 2006, the Group recorded a turnover of approximately HK$360 million representing a 58.1% decrease from that in last financial year. There were two major reasons for the decrease. Firstly, the PRC Central Government continued to deploy a package of macro-entrenchment policies during the financial year to limit the excessive investments in several overheated industries, including the steel, real estate development sector, aluminum, automobile and cement industries, which in turn hampered the growth in demand for steel usage. Secondly, the PRC Ministry of Finance and the State Administration of Taxation abolished the export tax rebate of steel semi-finished materials on 1st April 2005 and adjusted the export tax rebate of 20 steel products from 13% to 11%. This had restrained the export of interrelated semi-finished steel and steel products and intensified the domestic competition. Since supply exceeded demand in PRC for some popular steel products, the steel prices dropped significantly from first quarter to third quarter and only started picking up from fourth quarter in the current year, resulting in drop in turnover and a reduction in gross profit margin from 3.6% in last financial year to 1.6% in current financial year.

For the year under review, the Group recorded a loss attributable to shareholders of approximately HK$11,988,000, an approximately 14.8% increase from last financial year's loss figure of approximately HK$10,443,000. This was mainly attributable to additional general and administration expenses and interest expenses totaling approximately HK$16.2 million and HK$1 million incurred by Group after the change of the controlling shareholders on 9th August 2005 in the current financial year. Discounting the effect of these additional general and administrative expenses and interest expenses, the Group achieved an operating profit of approximately HK$1.1 million and profit of approximately HK$3.8 million from its principal activities of steel trading and procurement services in the current financial year, as compared to an operating loss of approximately HK$352,000 (after excluding the gain on disposal of investments, net of approximately HK$911,000) and net loss of HK$10,443,000 in last financial year. The profit of HK$3.8 million generated from the core steel trading operation in current financial year was mainly due to the write-back of overprovided taxation of HK$5 million resulting mainly from the divestments of certain subsidiaries. Discounting the effect of this write-back of over-provided taxation, the Group recorded a net loss of approximately HK$1,177,000 from its principal activities of steel trading and procurement services, an approximately 89% decline from last financial year's net loss of approximately HK$10,443,000.

Under such difficult environment, the management had put substantial efforts in resources re-alignment to steel products that yield a higher return, resulting in some unnecessary administrative costs being eliminated and they had imposed strict control over spending in selling expenses. The result of these efforts could be evidenced from the facts that, despite the decrease in turnover, the ratio of selling and distribution expenses to turnover and general and administrative expenses decreased from 0.87% and 2.9% respectively in last financial year to 0.6% and 1.7% respectively in current financial year.

During the year, the Group relied substantially on one of its shareholders — Van Shung Chong Holdings Limited ("VSC") (Stock Code: 1001) together with its subsidiaries ("the VSC Group") on the supply of steel products for trading by leveraging off the VSC Group's aggregate purchasing power. All previously approved continuing connected transactions with the VSC Group under this context were expired on 31st March 2006 and the Group has ceased sourcing steel products from the VSC Group for trading since then because the Group has started to focus on trading of higher margin stainless steel products supplied by independent third party suppliers subsequent to 31st March 2006.

Liquidity and Financial Resources

As at 31st March 2006, NAS Group had bank and cash balance of approximately HK$295,902,000 (2005: HK$29,343,000), of which approximately HK$3,055,000 (2005: HK$16,080,000) was pledged to secure a trade financing facility of HK$6,000,000 (2005: HK$88,125,000) granted by a bank to a subsidiary for trust receipt loans. This banking facility was also secured by (a) corporate guarantees provided by NAS and (b) the Group's inventories held under trust receipts bank loan arrangement. For the Group's cash and bank balance of HK$295,902,000 as at 31st March 2006, approximately HK$174,000 was denominated in Renminbi and deposited with the banks in China.

As at 31st March 2006, NAS Group had convertible bonds of approximately HK$14,642,000 from the Ajia Parties (2005: Nil) and no bank borrowings (2005: HK$24,360,000). The gearing ratio (sum of bank borrowings and convertible bonds divided by shareholders' equity) of the Group was 0.01 as at 31st March 2006, as compared to 11.4 as at 31st March 2005.

In addition to the above banking facility, the Group also relied substantively on the VSC Group during the current financing year to enjoy more favorable terms from the steel mills. As at 31st March 2006, the Group had outstanding balance due to the VSC Group of approximately HK$36,916,000 (2005: HK$118,843,000). VSC Group has granted to the Group a normal credit period.

Significant Investments Held and Material Acquisition and Disposals of Investments and Subsidiaries

As at 31st March 2006, the Group had no significant investments. There were no material acquisitions or disposals of investments and subsidiaries during the year.

Foreign Currency Exposure

The NAS Group's businesses were primarily transacted in Hong Kong dollars, United States ("US") dollars and Renminbi ("RMB"). The Group's cash and bank deposits, including pledged bank deposit, were mainly denominated in Hong Kong dollar. The foreign currency exposure of the Group is mainly driven by its business operations. Sales receipts were collected in Renminbi and United States dollars. On the other hand, the steel products purchases were mainly denominated in United States dollars and Renminbi. With a comparatively immaterial fluctuation in exchange rates between United States dollars with Renminbi, the Group considers the foreign currency exposure was minimal for the year under review. The NAS Group will continue to monitor closely the exchange rate between US dollar and RMB and will make necessary hedging arrangements to mitigate the risk arising from foreign currency fluctuation in the future.

Contingent Liabilities

As at 31st March 2006, the Group provided a corporate guarantee of HK$6.6 million to a bank in respect of a banking facility granted to a subsidiary (As at 31st March 2006: HK$88,725,000).

Number of Employees, Remuneration Policies and Share Option Scheme

As at 31st March 2006, the NAS Group employed 11 (2005: 42) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK$6,139,000 (2005: HK$9,416,000).

On 10th June 2002, the Company adopted an employee share option scheme (the "New Scheme") under which the Company's Board of Directors may at its discretion offer stock option to any employee/agent/consultant or representative, including any executive or non-executive director, of any member of the Group or any other person who satisfies the selection criteria as set out in the New Scheme. The principal purposes of the New Scheme are to provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The New Scheme shall be valid and effective for a period of ten years commencing on the adoption date (i.e. 10th June 2002). No options have been granted by the Company pursuant to the New Scheme up to the date of this announcement. The New Scheme was adopted to replace the previous old scheme, of which 52,750,000 options granted were cancelled by the shareholders of the Company at its special general meeting held on 14th July 2005.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2006

	Note	**2006** *HK$'000*	2005 *HK$'000*
Revenue			
— Sales		**355,426**	854,564
— Commission		**4,522**	5,121
		359,948	859,685
Cost of sales		**(354,154)**	(828,580)
Gross profit		**5,794**	31,105
Other gains — net	*7*	**5,051**	2,087
Selling and distribution expenses		**(2,180)**	(7,494)
General and administrative expenses		**(22,364)**	(25,139)
Operating (loss)/profit		**(13,699)**	559
Finance costs	*8*	**(3,296)**	(5,056)
Loss before income tax		**(16,995)**	(4,497)
Income tax credit/(expense)	*10*	**5,007**	(5,946)
Loss for the year, attributable to equity holders of the Company	*11*	**(11,988)**	(10,443)
Loss per share for loss attributable to the equity holders of the Company			
— Basic	*12*	**HK(17.7) cents**	HK(65.4) cents

BALANCE SHEETS

As at 31st March 2006

		Consolidated		Company	
		2006	2005	**2006**	2005
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets					
Plant and equipment		**478**	1,411	**—**	—
Website development costs		**6**	21	**—**	—
Long-term investment		**—**	780	**—**	—
Investments in and amounts due from subsidiaries		**—**	—	**—**	1
Subscription receivables, non-current portion	5	**494,135**	—	**494,135**	—
Total non-current assets		**494,619**	2,212	**494,135**	1
Current assets					
Inventories		**26,399**	94,936	**—**	—
Deposits for purchase of inventories		**—**	27,387	**—**	—
Trade receivables		**115**	3,977	**—**	—
Prepayments, deposits and other receivables		**16,745**	7,893	**707**	30
Amounts due from subsidiaries		**—**	—	**3,000**	—
Subscription receivables, current portion	5	**271,410**	—	**271,410**	—
Pledged bank deposits		**3,055**	16,080	**—**	13,049
Cash and cash equivalents		**292,847**	13,263	**289,941**	12
Total current assets		**610,571**	163,536	**565,058**	13,091
Current liabilities					
Short-term bank borrowings		**—**	(24,360)	**—**	—
Trade payables		**(36,916)**	(121,018)	**—**	—
Accruals and other payables		**(2,545)**	(7,441)	**(1,920)**	(71)
Receipts in advance		**(792)**	(5,256)	**—**	—
Current income tax liabilities		**(700)**	(5,536)	**—**	—
Total current liabilities		**(40,953)**	(163,611)	**(1,920)**	(71)
Net current assets/(liabilities)		**569,618**	(75)	**563,138**	13,020
Total assets less current liabilities		**1,064,237**	2,137	**1,057,273**	13,021

		Consolidated		Company	
		2006	2005	**2006**	2005
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current liabilities					
Amounts due to subsidiaries		**—**	—	**—**	(3,907)
Convertible bonds	*4*	**(14,642)**	—	**(14,642)**	—
Total non-current liabilities		**(14,642)**	—	**(14,642)**	(3,907)
Net assets		**1,049,595**	2,137	**1,042,631**	9,114
Equity					
Capital and reserves attributable to equity holders of the Company:					
Share capital	*5*	**74,790**	159,659	**74,790**	159,659
Reserves	*6*	**974,805**	(157,522)	**967,841**	(150,545)
Shareholders' equity		**1,049,595**	2,137	**1,042,631**	9,114

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2006

		Attributable to equity holders of the Company		
		Share capital	**Reserves**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2004		159,638	(146,993)	12,645
Loss for the year		—	(10,443)	(10,443)
Translation adjustments		—	(86)	(86)
Change in fair value of a long-term investment		—	548	548
Realised upon disposal of a long-term investment		—	(548)	(548)
Issue of ordinary shares upon exercise of warrants		21	—	21
Balance at 31st March 2005 and 1st April 2005		**159,659**	**(157,522)**	**2,137**
Loss for the year		**—**	**(11,988)**	**(11,988)**
Capital reorganisation	*5*	**(159,529)**	**159,529**	**—**
Issue of ordinary shares	*5*			
— upon exercise of warrants		**30**	**—**	**30**
— under a subscription agreement		**639**	**9,361**	**10,000**
— under an open offer		**159**	**2,341**	**2,500**
Issue of preference shares		**73,832**	**980,764**	**1,054,596**
Share issue expenses				
— ordinary shares		**—**	**(2,186)**	**(2,186)**
— preference shares		**—**	**(12,173)**	**(12,173)**
Convertible bonds				
— equity component	*4*	**—**	**6,388**	**6,388**
Translation adjustments		**—**	**291**	**291**
Balance at 31st March 2006		**74,790**	**974,805**	**1,049,595**

NOTES TO THE FINANCIAL STATEMENTS

1. General information

North Asia Strategic Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") principally engaged in the trading of steel products, provision of procurement services for steel products (including the operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services), and investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is 78th Floor, The Center, 99 Queen's Road Central, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("the Stock Exchange").

These financial statements are presented in HK dollar, unless otherwise stated.

These financial statements have been approved for issue by the Company's Board of Directors on 21st June 2006.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the years. Although these estimates are based on management's best knowledge of event and actions, actual results ultimately may differ from these estimates.

The adoption of new/revised HKFRS

During the year ended 31st March 2006, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements

HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of HKASs 1, 2, 7, 8, 10, 16, 17, 21, 23, 24, 27, 33, 36, 38 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of certain disclosures.

- HKASs 2, 7, 8, 10, 16, 17, 23, 27, 33, 36 and 38 and HKFRS 3 had no material effect on the Group's policies.

- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for the respective entity financial statements.

- HKAS 24 has affected the identification of related parties and some other related party disclosures.

- The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification and accounting treatment of financial assets and liabilities commencing from the current year.

- The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. In prior years, the provision of share options to employees did not result in an expense in the income statement. Commencing from the current year, the Group expenses the cost of share options in the income statement. The transitional provision of HKFRS 2 requires the cost of share options granted after 7th November 2002 and had not yet vested on 1st January 2005 be expensed retrospectively in the income statement of the respective periods. However, as no share options were granted after 7th November 2002, the adoption of HKFRS 2 had no material effect on the Group's policy.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, whenever applicable. All standards adopted by the Group require retrospective application other than:

- HKAS 16 — the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

- HKAS 21 — prospective accounting for goodwill and fair value adjustments as part of foreign operations;

- HKAS 39 — does not permit recognition, derecognition and measurement of financial assets and liabilities in accordance with this standard on a retrospective basis;

- HKFRS 2 — only retrospective application for equity instruments granted after 7th November 2002 and not vested at 1st January 2005; and

- HKFRS 3 — prospectively after 1st January 2005.

The Group has not early adopted the following new Standards or Interpretations or Amendments that have been issued but are not yet effective. The Company's Directors and the Group's management anticipate that the adoption of these Standards or Interpretations or Amendments in future periods will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intra-group Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

3. Segment information

3.1 Primary reporting format — business segments

The Group is organised into three major business segments — steel trading, procurement services for steel products (including the operation of an e-commerce vertical portal for the provision of online steel trading services and ancillary services), and investment holding. The steel trading business segment derives revenue from the sale of goods. The procurement services for steel products business segment derives commission income from procurement and online steel trading services. The investment holding business segment derives revenue from dividend income.

The business segment results are analysed as follows:

	Year ended 31st March 2006			
	Steel trading *HK$'000*	**Procurement services** *HK$'000*	**Investment holding** *HK$'000*	**Total** *HK$'000*
Turnover — Sales to external customers	**355,426**	**4,522**	**—**	**359,948**
Segment results	**(5,615)**	**3,754**	**(10,450)**	**(12,311)**
Other gains — net	**3,608**	**—**	**1,443**	**5,051**
Unallocated expenses				**(6,439)**
Operating loss				**(13,699)**
Finance costs				**(3,296)**
Loss before income tax				**(16,995)**
Income tax credit				**5,007**
Loss for the year				**(11,988)**
Assets				
Segment assets	**48,493**	**68**	**1,056,193**	**1,104,754**
Unallocated assets				**436**
				1,105,190
Liabilities				
Segment liabilities	**(38,311)**	**—**	**(16,580)**	**(54,891)**
Unallocated liabilities				**(704)**
				(55,595)
Capital expenditure	**64**	**—**	**—**	**64**
Unallocated				**49**
				113
Depreciation and amortisation	**367**	**15**	**—**	**382**
Unallocated				**6**
				388

	Year ended 31st March 2005			
	Steel trading *HK$'000*	Procurement services *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
Turnover — Sales to external customers	854,564	5,121	—	859,685
Segment results	(1,654)	604	(62)	(1,112)
Other gains — net	515	—	1,572	2,087
Unallocated expenses				(416)
Operating profit				559
Finance costs				(5,056)
Loss before income tax				(4,497)
Income tax expenses				(5,946)
Loss for the year				(10,443)
Assets				
Segment assets	164,155	353	780	165,288
Unallocated assets				460
				165,748
Liabilities				
Segment liabilities	(163,235)	—	(71)	(163,306)
Unallocated liabilities				(305)
				(163,611)
Capital expenditure	191	5	780	976
Depreciation and amortisation	1,016	27	—	1,043

Unallocated costs represent corporate and administrative expenses that cannot be allocated into the individual segment.

Segment assets consist primarily of plant and equipment, subscription receivables, inventories, trade receivables and operating cash.

Segment liabilities comprise operating liabilities and exclude taxation.

3.2 Secondary reporting format — geographical segments

The Group's activities are conducted predominantly in Hong Kong and Mainland China. Turnover by geographical segments is determined on the basis of the destination of shipment of goods for steel trading, location of service performed for procurement services, location of sellers for online commission income, and location of the investment for dividend income.

Geographical segments results are analysed as follows:

	Year ended 31st March 2006			
	Hong Kong *HK$'000*	**Mainland China** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Turnover — Sales to external customers	3,184	356,764	—	359,948
Segment results	(15,199)	2,868	(868)	(13,199)
Unallocated expenses				(500)
Operating loss				(13,699)
Assets	1,059,151	45,971	68	1,105,190
Capital expenditure	49	64	—	113

	Year ended 31st March 2005			
	Hong Kong *HK$'000*	Mainland China *HK$'000*	Others *HK$'000*	Total *HK$'000*
Turnover — Sales to external customers	15,280	844,405	—	859,685
Segment results	(586)	4,162	(2,601)	975
Unallocated expenses				(416)
Operating profit				559
Assets	1,891	163,373	484	165,748
Capital expenditure	61	910	5	976

4. Convertible bonds

In August 2005, the Company issued convertible bonds at par value of HK$20,000,000, which are denominated in Hong Kong dollar.

The bonds will mature in August 2010 or can be converted into a total of 127,713,920 shares in the Company, with a par value of HK$0.01 each, at the holders' option, at HK$0.1566 per share. In addition, the holders have the right to request the Group to redeem in whole or in part the outstanding bonds on 7th December 2007.

The fair values of the liability component and the equity conversion component were determined upon issuance of the bonds. The liability component is subsequently stated at amortised cost. The fair value of the liability component was calculated using a market interest rate for a term loan offered to the Group of 8.0% per annum. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves.

The convertible bonds recognised in the balance sheet are calculated as follows:

	At 31st March 2006
	HK$'000
Face value of convertible bonds issued on 8th August 2005	**20,000**
Equity component	**(6,388)**
Liability component on initial recognition at 8th August 2005	**13,612**
Accrued interest expense	**1,030**
Liability component at 31st March 2006	**14,642**

Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 8.0% to the liability component.

5. Share capital

	Ordinary shares		**Preference shares**		
	Number of shares	**Ordinary shares capital**	**Number of shares**	**Preference shares capital**	**Total**
	'000	*HK$'000*	*'000*	*HK$'000*	*HK$'000*
Authorised					
At 1st April 2004 and 31st March 2005	4,000,000	400,000	—	—	400,000
Capital reorganisation	36,000,000	—	—	—	—
Creation of preference shares	—	—	30,000,000	300,000	300,000
At 31st March 2006	40,000,000	400,000	30,000,000	300,000	700,000
Analysed as —					
Ordinary shares of HK$0.01 each	**40,000,000**	**400,000**	**—**	**—**	**400,000**
Preference shares of HK$0.01 each	**—**	**—**	**30,000,000**	**300,000**	**300,000**
	40,000,000	**400,000**	**30,000,000**	**300,000**	**700,000**

	Ordinary shares		Preference shares		
	Number of shares	Ordinary shares capital	Number of shares	Preference shares capital	Total
	'000	*HK$'000*	*'000*	*HK$'000*	*HK$'000*
Issued					
At 1st April 2004	1,596,384	159,638	—	—	159,638
Issue of shares upon exercise of warrants	206	21	—	—	21
At 31st March 2005	1,596,590	159,659	—	—	159,659
Capital reorganisation *(note a(i))*	**(1,580,919)**	**(159,529)**	**—**	**—**	**(159,529)**
Issuance of ordinary shares					
— upon exercise of warrants	**298**	**30**	**—**	**—**	**30**
— under a subscription agreement *(note a(ii))*	**63,857**	**639**	**—**	**—**	**639**
— under an open offer *(note a(iii))*	**15,969**	**159**	**—**	**—**	**159**
Issue of preference shares	**—**	**—**	**7,383,167**	**73,832**	**73,832**
At 31st March 2006	**95,795**	**958**	**7,383,167**	**73,832**	**74,790**

(a) On 14th July 2005, the Company approved the following transactions at its special general meeting:

(i) — For every 100 ordinary shares of HK$0.10 each consolidate into one share of HK$10.0 and thereafter reduce the Company's issued share capital by way of cancellation of the paid-up capital to the extent of HK$9.99 on each issued consolidated share such that the par value of all the issued consolidated shares would be reduced from HK$10.0 each to HK$0.01 each;

— Increase in the Company's authorised share capital back to its original amount of HK$400,000,000 by the creation of additional 36,000,000,000 ordinary share of HK$0.01 each;

— Cancel the Company's entire share premium reserve of approximately HK$11,099,000;

The credits arising from the aforementioned capital reduction of approximately HK$159,529,000 and from the cancellation of the share premium reserve of HK$11,099,000, totaling approximately HK$170,628,000, were transferred to the Company's contributed surplus account and were set off against the Company's accumulated losses;

(ii) Issue an aggregate of 63,856,960 shares with a par value of HK$0.01 each, after the aforementioned capital reorganisation, at a subscription price of HK$0.1566 each, raising approximately HK$10,000,000;

(iii) An offer to shareholders to subscribe new shares with a par value of HK$0.01 each, at a subscription price of HK$0.1566 each, on the basis of one new share for holder of one share after the aforementioned capital reorganisation. In this transaction, the Company issued 15,969,000 shares of HK$0.01 each, after the aforementioned capital reorganisation, raising approximately HK$2,500,000. Such an offer was underwritten by Van Shung Chong (B.V.I.) Limited, a then substantial shareholder which held approximately 18.9% of the Company's equity interest;

(b) On 20th February 2006, the Company approved an increase in its authorised share capital by HK$300,000,000 by the creation of 30,000,000,000 preference shares of HK$0.01 each.

In February and March 2006, the Company issued a total of 7,383,166,793 non-redeemable preference shares with a par value of HK$0.01 each, at a subscription price of HK$0.1566 each through placement, for an aggregated amount of approximately HK$1,156,200,000.

The preference shares are non-redeemable and are convertible into ordinary shares in the Company at a conversion ratio of one preference share into one ordinary share. The Preference shares will rank pari passu with the ordinary shares of the Company with regards to dividend.

The subscription price is payable in cash by the subscribers in four equal instalments. The first was received by the Company in February and March 2006, upon completion of the subscription. The remaining three instalments are receivable approximately 12 months, 24 months and 36 months, respectively, after 28th February 2006. In the event that by the first anniversary (28th February 2007) or the second anniversary (28th February 2008), the Company is unable to utilise at least 75% of the subscription monies previously received for investments, the Company will not be entitled to receive the instalments which would otherwise be due on such anniversaries. However, even if the Company is not entitled to receive the instalments on the first and second anniversaries, the remaining unpaid balance will be receivable by the third anniversary (28th February 2009) or, if earlier, upon the conversion of the preference shares into ordinary shares.

The preference shares will be automatically converted into ordinary shares upon the listing of the converted ordinary shares on the Main Board of the Stock Exchange, or on the fourth anniversary (28th February 2010), whichever is earlier.

The subscription receivables recognised in the balance sheet is calculated as follows:

	As at 31st March 2006 *HK$'000*
Subscription receivables	**867,153**
Less: Future interest	**(101,608)**
Subscription receivables at fair value	**765,545**
Less: Non-current portion	**(494,135)**
Current portion	**271,410**

The fair values of the subscription receivables were determined upon issuance of the preference shares and calculated using a market interest rate for the banking facilities granted to the Group of 6.5% per annum.

6. Reserves

Movements were:

Group

	Share premium	Contributed surplus	Convertible bonds	Capital reserve	Asset revaluation reserve	Cumulative translation adjustments	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2004	11,099	—	—	2,700	—	105	(160,897)	(146,993)
Loss attributable to equity holders of the Company	—	—	—	—	—	—	(10,443)	(10,443)
Translation adjustments	—	—	—	—	—	(86)	—	(86)
Change in fair value of a long-term investment	—	—	—	—	548	—	—	548
Realised upon disposal of a long-term investment	—	—	—	—	(548)	—	—	(548)
Balance at 31st March 2005	11,099	—	—	2,700	—	19	(171,340)	(157,522)
Loss attributable to equity holders of the Company	**—**	**—**	**—**	**—**	**—**	**—**	**(11,988)**	**(11,988)**
Capital reorganisation *(Note 5)*	**(11,099)**	**170,628**	**—**	**—**	**—**	**—**	**—**	**159,529**
Elimination of accumulated losses *(Note 5)*	**—**	**(161,644)**	**—**	**—**	**—**	**—**	**161,644**	**—**
Issuance of ordinary shares								
— under a subscription agreement	**9,361**	**—**	**—**	**—**	**—**	**—**	**—**	**9,361**
— under an open offer	**2,341**	**—**	**—**	**—**	**—**	**—**	**—**	**2,341**
Issue of preference shares	**980,764**	**—**	**—**	**—**	**—**	**—**	**—**	**980,764**
Share issue expenses								
— ordinary shares	**(2,186)**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,186)**
— preference shares	**(12,173)**	**—**	**—**	**—**	**—**	**—**	**—**	**(12,173)**
Convertible bonds								
— equity component	**—**	**—**	**6,388**	**—**	**—**	**—**	**—**	**6,388**
Translation adjustments — net	**—**	**—**	**—**	**—**	**—**	**291**	**—**	**291**
Balance at 31st March 2006	**978,107**	**8,984**	**6,388**	**2,700**	**—**	**310**	**(21,684)**	**974,805**

Company

	Share premium HK$'000	Contribution surplus HK$'000	Convertible bonds HK$'000	Asset revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
Balance at 1st April 2004	11,099	—	—	—	(155,693)	(144,594)
Loss attributable to equity holders of the Company	—	—	—	—	(5,951)	(5,951)
Translation adjustments	—	—	—	—	—	—
Change in fair value of a long-term investment	—	—	—	548	—	548
Realised upon disposal of a long-term investment	—	—	—	(548)	—	(548)
Balance at 31st March 2005	11,099	—	—	—	(161,644)	(150,545)
Loss attributable to equity holders of the Company	**—**	**—**	**—**	**—**	**(25,638)**	**(25,638)**
Capital reorganisation *(Note 5)*	**(11,099)**	**170,628**	**—**	**—**	**—**	**159,529**
Elimination of accumulated losses *(Note 5)*	**—**	**(161,644)**	**—**	**—**	**161,644**	**—**
Issuance of ordinary shares						
— under a subscription agreement	**9,361**		**—**	**—**	**—**	**9,361**
— under an open offer	**2,341**		**—**	**—**	**—**	**2,341**
Issue of preference shares	**980,764**		**—**	**—**	**—**	**980,764**
Share issue expenses						
— ordinary shares	**(2,186)**		**—**	**—**	**—**	**(2,186)**
— preference shares	**(12,173)**		**—**	**—**	**—**	**(12,173)**
Convertible bonds						
— equity component	**—**		**6,388**	**—**	**—**	**6,388**
Balance at 31st March 2006	**978,107**	**8,984**	**6,388**	**—**	**(25,638)**	**967,841**

7. Other gains — net

	2006 **HK$'000**	2005 HK$'000
Dividend income from unlisted investments	**—**	659
Interest income	**1,707**	580
Write-back of provision for claim	**2,977**	—
Gain on disposal of investments	**—**	911
Profit/(loss) on disposal of subsidiaries	**98**	(63)
Others	**269**	—
	5,051	2,087

The write-back of provision for claim resulted from the settlement of a legal case and the Company's Directors consider the provision was no longer necessary.

8. Finance costs

	2006	2005
	HK$'000	*HK$'000*
Interest expense		
— Interest on bank loans wholly repayable within five years	**1,112**	1,676
— Interest on amount due to a related company	**1,154**	3,380
— Convertible bonds redeemable after five years *(note 4)*	**1,030**	—
	3,296	5,056

9. Expenses by nature

Expenses included in selling and distribution expenses and general and administrative expenses are analysed as follows:

	2006	2005
	HK$'000	*HK$'000*
Depreciation of plant and equipment	**373**	1,016
Amortisation of website development costs	**15**	27
Employment costs	**6,139**	9,416
Operating lease rental of premises	**1,186**	1,152
Impairment of trade receivables	**21**	1,761
Provision for inventories	**—**	1,448

10. Income tax expenses

The Company is exempted from taxation in Bermuda until 2016. No provision for Hong Kong profits tax has been provided as the Group had no assessable profit subject to Hong Kong profits tax for the year ended 31st March 2006 (2005: Nil). Subsidiaries established in Mainland China are subjected to Mainland China enterprise income tax at rates ranging from 15% to 33% (2005: 15% to 33%). Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the year at the applicable rates of taxation prevailing in the countries in which the Group operates.

The amounts of taxation charged to the consolidated income statement represent:

	2006	2005
	HK$'000	*HK$'000*
Current taxation		
Mainland China enterprise income tax		
— (Write-back)/provision	**(5,007)**	1,463
— Deferred taxation	**—**	4,483
	(5,007)	5,946

The taxation on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to loss of the Group as follows:

	2006	2005
	HK$'000	*HK$'000*
Loss before income tax	**(16,995)**	(4,497)
Tax calculated at the weighted average domestic tax rates applicable to losses in the respective places/countries	**(1,634)**	(308)
Effect of		
— income not subject to tax	**27**	(36)
— expenses not deductible for tax	**1**	338
— deferred tax assets not recognised	**1,606**	2,043
— reversal of previously recognised deferred tax assets	**—**	4,483
— overprovisions in prior years	**(5,007)**	(574)
Tax (credit)/expense	**(5,007)**	5,946

For the year ended 31st March 2006, the weighted average applicable tax rate was 9.6% (2005: 6.8%).

The change in weighted average applicable tax rates is mainly caused by a change in the distribution of the profit/loss among the group companies in different tax jurisdictions and with different tax rates.

11. Loss attributable to equity holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$25,638,000 (2005: HK$5,951,000).

12. (Loss) per share

The calculations of basic loss per share for the year ended 31st March 2006 were based on the consolidated loss attributable to shareholders of approximately HK$11,988,000 (2005: HK$10,443,000) and on the weighted average number of 67,582,000 shares (2005: 15,964,000 shares — after reflecting the consolidation of 100 shares into 1 share) in issue during the year.

13. Subsequent event

Subsequent to the year end, on 26th May 2006, the Company entered into a non-legally binding term sheet with Autron Corporation Limited ("Autron"), a leading assembly equipment solutions provider to the electronics manufacturing industry and listed on the Main Boards of both the Singapore and Australian Stock Exchanges, for a possible investment in its new shares and convertible bonds totaling up to approximately HK$372 million (equivalent of approximately US$48 million). As at the date of this announcement, due diligence on Autron is in progress but the Company has not entered into any definitive investment agreement with Autron.

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31st March 2006 (2005: Nil).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31st March 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules.

Subject to the deviations as disclosed hereof, the Company has complied with the code provisions set out in the Code throughout the year ended 31st March 2006. A report on the principal corporate governance practices adopted by the Company will be set out in the annual report to be despatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

(a) Under provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. In compliance with such provision, the independent non-executive Directors had signed letters of appointment with the Company in October 2005 to confirm the term of their appointments for three years commencing on 1st November 2005.

(b) Under provision A.4.2 of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In compliance with this provision, the Company has amended its Bye-laws at the special general meeting on 20th February 2006 to make it have the same effect.

(c) Under provision C.3.3 of the Code, the terms of reference of the audit committee should include at least those duties as set out therein. To ensure full compliance with such provision, the Board approved the revised terms of reference of the Audit Committee on 14th November 2005.

(d) Under provision E.1.2 of the Code, the chairman of the Board should arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at annual general meeting. Owing to other engagements, the former chairman of the Company and the other members of the audit committee were not available to attend the annual general meeting of the Company held on 14th July 2005 while the remuneration committee of the Company was established on 30th September 2005. The Chairman of the Company and the chairman of the independent board committee and financial advisers were available to answer questions at the special general meeting of the Company held on 20th February 2006.

(e) Under provision E.2.1 of the Code, the chairman of a shareholders' meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting shall demand a poll in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed to those proxies. In compliance with this provision, the Company has amended its Bye-laws at the special general meeting on 20th February 2006 to make it have the same effect.

AUDIT COMMITTEE

The audit committee was established with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three independent non-executive Directors and is chaired by Mr. Kenny Tam King Ching who has appropriate professional qualifications and experience in financial matters.

Under the terms of reference which are aligned with the code 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 audit committee meets the external auditors at least four times a year to discuss any area of concern during the audits or review. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual accounts of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

The Group's annual results for the year ended 31st March 2006 have been reviewed by the audit committee.

ANNUAL GENERAL MEETING

The 2006 annual general meeting of the shareholders of the Company will be held at 78th Floor, The Center, 99 Queen's Road Central, Hong Kong on Monday, 31st July 2006 and notice of annual general meeting will be published and despatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

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

Hong Kong, 21st June 2006

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