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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)

Issue of Preference Shares to Additional Placee

Financial adviser to North Asia Strategic Holdings Limited



SOMERLEY LIMITED

On 16th January, 2006, the Company entered into the Additional Subscription Agreement with the Additional Placee (which is an independent third party) for the subscription of 89,080,460 Preference Shares at an issue price of HK\$0.1566 each. The terms of the Additional Subscription Agreement are identical to those with other Placees (other than the Anchor Investors).

The Additional Subscription Agreement is subject to the approval of the Shareholders. A circular containing further details of the Additional Subscription Agreement and the other Subscription Agreements shall be despatched to the Shareholders as soon as practicable.

Reference is made to the announcement of the Company dated 30th December, 2005 relating to, among other things, the conditional subscription of Preference Shares by a total of 20 Placees. Capitalised terms used herein shall have the same meanings as defined in the said announcement unless otherwise stated.

ADDITIONAL SUBSCRIPTION AGREEMENT

The Board wishes to announce that the Company has entered into an additional Subscription Agreement (the “Additional Subscription Agreement”) with an additional investor (the “Additional Placee”) procured by NASA for the subscription of 89,080,460 Preference Shares. Set out below are the principal terms of the Additional Subscription Agreement:

Date: 16th January, 2006

Parties to the Additional Subscription Agreement:

Issuer: the Company

* *for identification purpose only*

Placee: the Additional Placee, an institutional and professional investor. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Additional Placee, its ultimate beneficial owner(s) and their respective associates are not connected persons of the Company, and are also third parties independent of the Company and its connected persons. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Additional Placee and its associates do not have any beneficial interests in any Shares or other securities in the Company prior to the Placement. The Additional Placee is independent of the other Placees (including the Anchor Investors).

The Additional Placee is not an Anchor Investor.

Securities to be subscribed:

89,080,460 Preference Shares, representing approximately 1.2% of the total 7,630,926,793 Preference Shares to be issued by the Company under the Placement. The Preference Shares to be subscribed by the Additional Placee have identical terms as those to be subscribed by other Placees (including the Anchor Investors).

Subscription price:

HK\$0.1566 per Preference Share.

The subscription price of the Preference Shares is the same as that for the other Placees. The total subscription payable by the Additional Placee amounts to approximately HK\$14.0 million.

Conditions:

Completion of the Additional Subscription Agreement is subject to the following conditions being fulfilled or waived on or before the Completion Date:

- (i) receipt of all necessary approvals of applicable authorities (including the GEM Listing Committee and the Bermuda Monetary Authority) and Shareholders' approvals for:
 - (a) the Subscription Agreement;
 - (b) amendments to the Company's bye-laws to reflect the terms of the Preference Shares;
 - (c) the issue of the Preference Shares and the issue of the Conversion Shares upon conversion of the Preference Shares; and
 - (d) the Services Agreement; and

- (ii) the Additional Placee having received duly certified true copies of (a) the approvals specified in (i) above; and (b) the resolutions of the Directors approving the registration of the Additional Placee as a member of the Company.

The Additional Subscription Agreement is not conditional on the other Subscription Agreements.

Completion

Completion of the Additional Subscription Agreement shall occur on such date conditional upon the satisfaction of the conditions precedent as set out above, and shall occur prior to 31st March, 2006.

Further announcement(s) will be made by the Company as regards the status of Completion or any changes to the Completion Date if appropriate.

THE PLACEMENT

Taking into account the Additional Subscription Agreement, a total of 21 Subscription Agreements have been entered into by the Company with 21 Placees. The aggregate net proceeds from the Placement (including the Additional Subscription Agreement) amount to approximately HK\$1,195.0 million (or HK\$1,181.6 million after deducting a placement fee payable to NASA and related expenses) and are intended to be used for future investment and working capital purposes.

SHAREHOLDING STRUCTURE

Set out below are the Company's shareholding structures (i) as at the date of this announcement and immediately upon completion of the Placement (including the Additional Subscription Agreement); (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 and immediately upon completion of the Placement		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	0.7
Huge Top	1,598,113	1.7	1,598,113	0.7	1,598,113	0.0	1,598,113	0.0
Right Action Offshore Inc.	1,024,000	1.1	1,024,000	0.5	1,024,000	0.0	1,024,000	0.0
VSC BVI	6,336,309	6.6	6,336,309	2.8	6,336,309	0.1	6,336,309	0.1
TN Development Limited	1,633,676	1.7	1,633,676	0.7	1,633,676	0.0	1,633,676	0.0
AICV	—	—	—	—	148,659,004	1.9	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	4.2	450,437,385	5.7
Anchor Investor I (<i>Note 1</i>)	—	—	—	—	743,295,019	9.6	743,295,019	9.5
Anchor Investor II	—	—	—	—	1,238,825,032	16.0	1,238,825,032	15.8
Anchor Investor III (<i>Note 2</i>)	—	—	—	—	2,477,650,064	32.1	2,477,650,064	31.5
Anchor Investor IV (<i>Note 1</i>)	—	—	—	—	495,530,013	6.4	495,530,013	6.3
Total Anchor Investors	—	—	—	—	4,955,300,128	64.1	4,955,300,128	63.1
15 other independent Placees including the Additional Placee (<i>Note 3</i>)	—	—	—	—	2,427,861,658	31.4	2,427,861,658	30.9
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	2,448,697,916	31.7	2,448,697,916	31.2
Total	95,794,716	100.0	223,508,636	100.0	7,726,721,509	100.0	7,854,435,429	100.0

Notes:

- Should Anchor Investor I and Anchor Investor IV hold less than 10% of the issued Shares upon full conversion of the Preference Shares, they will be treated as public Shareholders.
- 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.
- None of the 15 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.

Save for the Preference Shares to be issued pursuant to the Subscription Agreements (including the Additional Subscription Agreement) and the HK\$20 million Convertible Bonds issued by the Company to the Ajia Parties pursuant to the Ajia Parties Subscription Agreement, the Company does not have any other outstanding options, warrants or other securities in issue which carry rights to be convertible into Shares.

GENERAL

The Additional Subscription Agreement is subject to the approval of the Shareholders at the Special General Meeting. Information relating to the Additional Subscription Agreement and the other Subscription Agreements will be included in a circular to be despatched by the Company to the Shareholders as soon as practicable.

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

Hong Kong, 16th January, 2006

For the purpose of this announcement, unless otherwise stated, translation of US\$ into HK\$ have been made at the rate of US\$1 to HK\$7.76. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in US\$ or HK\$ have been, could have been, or may be converted at such or any other rate.

As at the date of this announcement, the Board comprises Mr. Göran Sture Malm (Chairman), Mr. Chow Savio Sing Nam (Chief Executive Officer), Mr. Cho Henry Kim, Mr. Andrew Cho Fai Yao and Mr. Desmond Hay Ching Fu (being the executive Directors), Mr. Philip King Huen Ma, Mr. Kenny King Ching Tam and Mr. Edgar Chi Ping Kwan (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 Announcement” page for at least seven days from the date of its posting and on the Company’s website at www.nasholdings.com.