

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 2006

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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 (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

HIGHLIGHTS

Turnover

For the three months ended 30th June 2006, the Group recorded a total turnover of approximately HK\$66,320,000, representing a decrease of approximately 33% by comparing with the turnover in the corresponding period last year. During the period, turnover generated from the Group's steel trading operation and its new electronics equipments trading operation were approximately HK\$32,536,000 and HK\$33,784,000 respectively.

Profit attributable to shareholders

During the period, the Group recorded a net profit attributable to shareholders of approximately HK\$6,163,000, versus net profit of approximately HK\$50,000 for the corresponding period last year. This significant increase in net profit was mainly due to the net effect of an interest income of approximately HK\$13,231,000 related to the subscription receivables from the Company's preference shareholders and a service fee of approximately HK\$5,781,000 paid by the Company to North Asia Strategic Advisors ("NASA") pursuant to a service agreement dated 26th September 2005 (as amended and restated on 30th December 2005) entered into between the Company and NASA.

RESULTS

The followings are the unaudited consolidated results 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 three months ended 30th June 2006 together with the comparative unaudited figures for the corresponding period in 2005:

	<i>Note</i>	For the three months ended 30th June	
		2006	2005
		HK\$'000	HK\$'000
Revenue	2		
— Sales		66,320	97,981
— Commission		—	943
		<hr/>	<hr/>
		66,320	98,924
Cost of sales		(66,390)	(96,597)
		<hr/>	<hr/>
Gross (loss)/profit		(70)	2,327
Other gains — net	3	16,150	3,065
Selling and distribution expenses		(21)	(932)
General and administrative expenses		(9,694)	(3,059)
		<hr/>	<hr/>
Operating profit		6,365	1,401
Finance costs		(200)	(1,138)
		<hr/>	<hr/>
Profit before income tax		6,165	263
Income tax expense	4	(2)	(213)
		<hr/>	<hr/>
Profit for the period, attributable to equity holders of the Company		6,163	50
		<hr/>	<hr/>
Profit per share for profit attributable to the equity holders of the Company during the period			
— Basic	5	HK6.4 cents	HK0.3 cents
		<hr/>	<hr/>
— Diluted	5	HK0.08 cents	N/A
		<hr/>	<hr/>

Notes:

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts have been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange of Hong Kong (the “GEM Listing Rules”).

The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the annual accounts for the year ended 31st March 2006.

The Group has not early adopted the following new/revised standards that have been issued but are not effective. The Company’s Directors and the Group’s management anticipate that the adoption of these HKFRSs in future periods will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital disclosures (i)
HKFRS 7	Financial Instruments: Disclosures (i)

(i) Effective for annual periods beginning on or after 1st January 2007.

2. Turnover

Turnover represents the net invoiced value of merchandise sold after allowances for returns and discounts.

3. Other gains — net

	For the three months ended 30th June	
	2006 HK\$’000	2005 HK\$’000
Interest income	2,917	88
Amortised interest income (<i>note 9</i>)	13,231	—
Write-back of provision for claim	—	2,977
Others	2	—
	<u>16,150</u>	<u>3,065</u>

4. Income tax expense

Income tax expense consisted of:

	For the three months ended 30th June	
	2006 HK\$’000	2005 HK\$’000
Mainland China enterprise income tax		
— Provision	<u>2</u>	<u>213</u>

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 during the three months ended 30th June 2006 (2005: Nil). Subsidiaries established in Mainland China are subject to Mainland China enterprise income tax at rates ranging from 15% to 33% (2005: 15% to 33%).

5. Profit per share

The calculations of basic profit per share for the three months ended 30th June 2006 were based on the unaudited consolidated profit attributable to shareholders of approximately HK\$6,163,000 (2005: HK\$50,000) and on the weighted average number of approximately 95,795,000 (2005: 15,967,000 — after reflecting the consolidation of 100 shares into 1 share) shares in issue during the period.

The calculations of diluted profit per share for the three months ended 30th June 2006 were based on the unaudited consolidated profit attributable to shareholders of approximately HK\$6,274,000 and on the weighted average number of approximately 7,606,675,000 ordinary shares outstanding to assume conversion of all potential dilutive shares. The Company's dilutive potential ordinary shares are convertible bonds and preference shares (2005: no diluted profit per share was presented as the outstanding share options were anti-dilutive).

	<i>HK\$'000</i>
Profit attributable to equity holders of the Company	6,163
Adjustment for convertible bonds accrued interest expense	111
	<u>6,274</u>
	<i>'000</i>
Weighted average number of ordinary shares in issue	95,795
Adjustment for convertible bonds	127,714
Adjustment for preference shares	7,383,166
	<u>7,606,675</u>

6. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2006.

7. Movements in share capital and reserves

For the three months ended 30th June 2006, movements in share capital and reserves are as follows:

	Unaudited				
	Attributable to equity holders of the Company				
	Ordinary share capital <i>HK\$'000</i>	Preference share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance, 1st April 2005	159,659	—	13,818	(171,340)	2,137
Profit for the period	—	—	—	50	50
Issue of shares upon exercise of warrants	30	—	—	—	30
Balance, 30th June 2005	159,689	—	13,818	(171,290)	2,217
Loss for the period	—	—	—	(12,038)	(12,038)
Capital reorganisation	(159,529)	—	159,529	—	—
Elimination of accumulated losses	—	—	(161,644)	161,644	—
Issue of ordinary shares					
— 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	—	—	6,388	—	6,388
Translation adjustments — net	—	—	291	—	291
Balance, 31st March 2006	958	73,832	996,489	(21,684)	1,049,595
Profit for the period	—	—	—	6,163	6,163
Translation adjustments — net	—	—	151	—	151
Balance, 30th June 2006	958	73,832	996,640	(15,521)	1,055,909

Movements in other reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Convertible bonds <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance, 1st April 2005 and 30th June 2005	11,099	—	—	2,700	19	13,818
Capital reorganisation	(11,099)	170,628	—	—	—	159,529
Elimination of accumulated losses	—	(161,644)	—	—	—	(161,644)
Issue 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
	<u>978,107</u>	<u>8,984</u>	<u>6,388</u>	<u>2,700</u>	<u>310</u>	<u>996,489</u>
Balance, 31st March 2006	978,107	8,984	6,388	2,700	310	996,489
Translation adjustments — net	—	—	—	—	151	151
	<u>978,107</u>	<u>8,984</u>	<u>6,388</u>	<u>2,700</u>	<u>461</u>	<u>996,640</u>

8. Convertible bonds

On 8th August 2005, the Company issued convertible bonds at par value of HK\$20 million.

The bonds will mature in August 2010 or can be converted into a total of approximately 127,714,000 shares at the holders' option of HK\$0.1566 per share. In addition, the holders will have the right to request the Group to redeem in whole or in part the outstanding bonds on a date which is five business days after 30th November 2007.

The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long-term borrowings, was calculated using a market interest rate for a term loan offered to the Group. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves (*Note 7*).

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

	As at	
	30th June 2006 <i>HK\$'000</i> (Unaudited)	31st March 2006 <i>HK\$'000</i> (Audited)
Face value of convertible bonds issued on 8th August 2005	20,000	20,000
Equity component	<u>(6,388)</u>	<u>(6,388)</u>
Liability component on initial recognition at 8th August 2005	13,612	13,612
Accrued interest expense	<u>1,141</u>	<u>1,030</u>
Liability component	<u>14,753</u>	<u>14,642</u>

The fair value of the liability component of the convertible bonds at 30th June 2006 amounted to approximately HK\$14,753,000.

The fair value is calculated using cash flows discounted at a rate based on the offered term loan rate of 8% per annum.

Interest expense on the bonds is calculated using the effective interest method by applying the effective interest rate of 8% to the liability component.

9. Preference shares

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 approximately 7,383,166,000 non-redeemable preference shares, with a par value of HK\$0.01 each, at a subscription price of HK\$0.1566 each through placements, 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 rank *pari passu* with the ordinary shares with regards to dividends.

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 of Hong Kong Limited, 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	
	30th June 2006 <i>HK\$'000</i> (Unaudited)	31st March 2006 <i>HK\$'000</i> (Audited)
Subscription receivables	867,153	867,153
<i>Less: Future interest</i>	(101,608)	(101,608)
<i>Add: Amortised interest income (note 3)</i>	13,231	—
	<u>778,776</u>	<u>765,545</u>
Subscription receivables at fair value	778,776	765,545
<i>Less: Non-current portion</i>	(502,956)	(494,135)
	<u>275,820</u>	<u>271,410</u>
Current portion	<u>275,820</u>	<u>271,410</u>

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.

10. Subsequent events

Subsequent to 30th June 2006, on 20th July 2006, the Company entered into a subscription agreement with Woori Bank for the placement of approximately 792,848,000 non-redeemable convertible preference shares (the “Placement”) of the Company for a consideration of approximately HK\$124.2 million. Details of the Placement are contained in an announcement of the Company dated 26th July 2006 and the Placement is subject to the Company’s shareholders’ approval.

In addition, on 2nd August 2006, Best Creation Investments Limited (the “Purchaser”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Autron Corporation Limited (the “Vendor”) for the acquisition of the entire issued capital of its wholly-owned subsidiaries, American Tec Company Limited and Autron India Private Limited (collectively the “Target Group”), for a total cash consideration of US\$60.0 million (equivalent to approximately HK\$465.6 million), subject to the fulfilment of certain conditions contemplated under the sale and purchase agreement. The Target Group is principally engaged in the business of trading in surface mount technology and printed circuit board assembly equipments, machinery and spare parts and the provision of related installation, training, repair and maintenance services. Details of the acquisition of the Target Group are contained in an announcement of the Company dated 11th August 2006. The acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to its shareholders’ approval.

BUSINESS REVIEW

Financial and Business Performance

Unlike the corresponding period in 2005, the Group’s turnover of approximately HK\$66,320,000 for the three months ended 30th June 2006 was not wholly generated from its steel trading activities. The Group started to trade in electronics equipments in the first quarter and recorded turnover of approximately HK\$33,784,000 from this equipments trading operation. During the period, the Group also recorded turnover totalling approximately HK\$32,536,000 from the sale of steel products carried forward from the financial year ended 31st March 2006 and higher margin stainless steel products imported from an independent third party supplier in Korea since April 2006, representing a decrease of approximately 67% from that of the corresponding period last year. Such decrease was mainly due to the continued volatility of steel prices and continuous deployment of austerity program by the PRC government to limit excessive investments in several overheated industries including steel and automobile as well as the real estate sector, which also resulted in a gross loss of approximately HK\$765,000 for the steel trading operation. Although the Group generated a gross profit of approximately HK\$695,000 from its electronics equipments trading operation during the period, it was more than offset by the gross loss derived from the steel trading operation in the same quarter. As a result, the Group recorded a total gross loss of approximately HK\$70,000 for the first quarter, versus a gross profit of approximately HK\$2,327,000 for the corresponding period last year.

During the period, the Group recorded a net profit attributable to shareholders of approximately HK\$6,163,000, versus net profit of approximately HK\$50,000 for the corresponding period last year. This significant increase in net profit was mainly due to the net effect of an interest income of approximately HK\$13,231,000 related to the subscription receivables from the Company’s preference shareholders and a service fee of approximately HK\$5,781,000 paid by the Company to North Asia Strategic Advisors (“NASA”) pursuant to a service agreement dated 26th September 2005 (as amended and restated on 30th December 2005) entered into between the Company and NASA. During the period, the Group’s steel

trading operation recorded a net loss of approximately HK\$1,109,000, versus net profit of approximately HK\$50,000 for the corresponding period last year. Such net loss of approximately HK\$1,109,000 incurred by the steel trading operation was mainly due to its gross loss of approximately HK\$765,000 as mentioned above and its net operating expenses of approximately HK\$341,000. Discounting the effect of a write-back of provision for claim of approximately HK\$2,977,000 resulted from the settlement of a legal case by the steel trading division in the first quarter of last year, the steel trading division recorded a net loss of approximately HK\$2,927,000 in such quarter, which exceeds the first quarter's net loss of approximately HK\$1,109,000 by approximately 164%. During the period under review, management of the steel trading division had put substantial efforts in imposing strict cost control over spending in administrative and selling expenses. This can be evidenced from the fact that, despite the decrease in turnover, the ratio of selling and distribution expenses to turnover and general and administrative expenses to turnover decreased from 0.9% and 3.1% respectively in corresponding period last year to 0.07% and 1.2% in the period under review.

OUTLOOK

In light of the continued volatility of the steel prices and continuous deployment of austerity program implemented to the PRC steel market, we have started to focus on the trading of higher margin stainless steel subsequent to the financial year ended 31st March 2006. We will continue to manage the steel trading operation with a very cautious approach and focus on improving its cost efficiency and effectiveness. We have also started to trade in electronics equipments in the first quarter and we will also look for other products for trading.

As previously reported, the Company has successfully completed two placements in last financial year, raising a total of approximately HK\$1,186 million before expenses from its existing controlling shareholders and 19 institutional and professional investors for future expansion and diversification plans. The Company has also entered into a subscription agreement with Woori Bank on 20th July 2006, for the placement of approximately 792,848,000 non-redeemable convertible preference shares of the Company for a consideration of approximately HK\$124.2 million, subject to shareholders' approval. We are of the view that the placements are beneficial to the Company in the long run, as it substantially enhanced the financial position of the Company, 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 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 11th August 2006, we made an announcement of entering into a sale and purchase agreement with Autron Corporation Limited for a possible acquisition of two of its wholly-owned subsidiaries for a consideration of US\$60.0 million (equivalent to approximately HK\$465.6 million). Barring unforeseen circumstances, it is expected that the completion shall take place on or before 31st October 2006.

On behalf of the Board, I would like to express my sincere gratitude to our worldwide suppliers and customers for their trusts and support in our products and services throughout the period. I also wish to take this opportunity to express my sincere appreciation to our shareholders for their confidence in North

Asia Strategic, as well as our staff for their dedication and continuous commitment to excellence. From such overwhelming commitment, we will continue to pace our efforts towards the long-term development of our Group.

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

As at 30th June 2006, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the 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 and underlying shares^(a) of the Company

- (a) The underlying shares referred to in note 2 arise as a result of the conversion rights attaching to the preference shares ("Preference Shares") issued by the Company under the placement as disclosed in the circular to shareholders dated 24th January 2006 (the "Placement"). Each Preference Share shall be automatically converted into ordinary share in accordance with the terms of the Preference Shares.
- (b) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares (each the "share" or "ordinary share") in issue as at 30th June 2006, not on the total number of issued shares upon full conversion of the Preference Shares and the convertible bonds as set out in the circular to shareholders dated 20th June 2005 (the "Convertible Bonds").

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(b)	Note
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of Controlled Corporation	10,592,098	—	10,592,098	11.06%	1
Mr. Henry Cho Kim ("Mr. Cho")	Interest of Controlled Corporation	—	99,106,003	99,106,003	103.46%	2

Notes:

1. These interests represented:
 - (i) a deemed interest in 1,598,113 shares of the Company owned by Huge Top Industrial Ltd. ("Huge Top"). Mr. Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns approximately 42.86% of the issued share capital of Huge Top. Mr. Yao owns the entire issued share capital of Perfect Capital and is one of the two directors of Huge Top. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by Huge Top;

- (ii) a deemed interest in 6,336,309 shares of the Company owned by Van Shung Chong (B.V.I.) Limited (“VSC BVI”), a wholly-owned subsidiary of Van Shung Chong Holdings Limited (“VSC”). Huge Top owns approximately 47.05% of the issued share capital of VSC. Mr. Yao is one of the two directors of VSC BVI. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by VSC BVI. These shares were the same 6,336,309 shares referred to in note 22 under the section “Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO” below;
 - (iii) a deemed interest in 1,633,676 shares of the Company owned by TN Development Limited (“TN”). VSC BVI owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN. These shares were the same 1,633,676 shares referred to in note 22 under the section “Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO” below; and
 - (iv) an interest in 1,024,000 shares of the Company owned by Right Action Offshore Inc. (“Right Action”). Mr. Yao owns the entire issued share capital of Right Action and is also the sole director of that company.
2. These underlying shares were held by Timeless Enterprises Limited (“Timeless”), a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying shares. These underlying shares were the same underlying shares referred to in note 17 under section “Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO” below.

Save as disclosed above, as at 30th June 2006, none of the Directors and the 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) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE INTERESTS OR SHORT POSITIONS WHICH ARE DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at 30th June 2006, 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 which fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or were directly or indirectly interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group together with particulars of any options in respect of such capital:

Long positions in the shares and underlying shares^(c) of the Company

- (c) The underlying shares referred to in the following table (other than those referred to in notes 1 and 4 below) arise as a result of the conversion rights attaching to the Preference Shares issued by the Company under the Placement. Each Preference Share shall be automatically converted into ordinary share in accordance with the terms of the Preference Shares. Those underlying shares referred in notes 1 and 4 below arise as a result of the conversion of the Convertible Bonds.
- (d) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 30th June 2006, not on the total number of issued shares upon full conversion of the Preference Shares and the Convertible Bonds.

Substantial shareholders (interests related to ordinary shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Moses Tsang Kwok Tai ("Mr. Tsang")	Beneficial owner	19,693,486	39,386,973	59,080,459	61.68%	1
	Interest of controlled corporation	509,400	—	509,400	0.53%	2
	Interest of a discretionary trust	—	148,659,004	148,659,004	155.18%	3
				208,248,863	217.39%	

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
North Asia Strategic Acquisition Corp. (“NASAC”)	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	4
North Asia Strategic Advisors (“NASA”)	Interest of controlled corporation	44,163,474	88,326,947	132,490,421	138.31%	4 & 5
Ajia Partners Inc. (“API”)	Interest of controlled corporation	44,163,474	88,326,947	132,490,421	138.31%	4 to 6
Substantial shareholders (interests related to preference shareholders)						
The Goldman Sachs Group, Inc. (“Goldman”)	Interest of controlled Corporation	—	2,477,650,064	2,477,650,064	2,586.42%	7
ABN AMRO Asset Management Holding N.V.	Beneficial owner	—	1,238,825,032	1,238,825,032	1,293.21%	
United Overseas Bank Limited	Beneficial owner	—	743,295,019	743,295,019	775.92%	
Oikos Asia Fund (“Oikos”)	Beneficial owner	—	495,530,013	495,530,013	517.28%	8
Tiger International Management Inc. (“Tiger”)	Beneficial owner	—	297,318,008	297,318,008	310.37%	9
Mr. Chen Jong-Tai	Interest of controlled corporation	—	297,318,008	297,318,008	310.37%	9
Ms. Chen Wu, Feng-Tsai	Interest of controlled Corporation	—	297,318,008	297,318,008	310.37%	9
Banca Monte Dei Paschi Di Siena Spa	Beneficial owner	—	247,765,006	247,765,006	258.64%	
Grand Loyal (China) Limited (“Grand Loyal”)	Nominee	—	247,765,006	247,765,006	258.64%	10
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	10
Grand Partners Group Limited (“Grand Partner”)	Nominee	—	247,765,006	247,765,006	258.64%	11

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	11
Fubon Bank (Hong Kong) Limited	Beneficial owner	—	199,233,717	199,233,717	207.98%	
Chevalier International Holdings Limited (“Chevalier”)	Beneficial owner	—	198,212,005	198,212,005	206.91%	12
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	12
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	12
Asia Internet Capital Ventures LP (“AICV”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	13
Asia Internet Capital Management LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	13
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	13
Smart Channel Investments Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	13
MKT Holdings (Cayman Islands) LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	13
HSBC International Trustee Limited	Trustee	—	148,659,004	148,659,004	155.18%	13
Gentfull Investment Limited (“Gentfull”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	14
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
Doutdes S.P.A. (“Doutdes”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	15

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	15
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	15
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	16
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	15 & 16
Timeless	Beneficial owner	—	99,106,003	99,106,003	103.46%	17
Kenthomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	17
KKR Group Investments II LLC (“KKR”)	Beneficial Owner	—	89,080,460	89,080,460	92.99%	18
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	18
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	18
Glint Delta II NV (“Glint”)	Nominee	—	78,544,061	78,544,061	81.99%	19
Mr. Fentener Van Vlissingen Harold (“Mr. Van Vlissingen”)	Beneficial owner	—	78,544,061	78,544,061	81.99%	19
Rawlco Capital Ltd. (“Rawlco”)	Beneficial owner	—	49,553,001	49,553,001	51.73%	20
Mr. Gordon Stanley Rawlinson	Interests of controlled corporation	—	49,553,001	49,553,001	51.73%	20
UBS España, S.A. (“UBS”)	Nominee	—	128,441,377	128,441,377	134.08%	21
Mr. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Mr. Jorge Garcia Gonzalez	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Sphirantes	Nominee	—	49,553,001	49,553,001	51.73%	21
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	21
Kobrither, S.A.	Nominee	—	14,865,900	14,865,900	15.52%	21
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	21
Mr. Ramón Suarez Beltran	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Miguel Orúe-Echeverria	Beneficial owner	—	9,910,600	9,910,600	10.35%	21

Other persons (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Arcosilo, S.L.	Nominee	—	7,432,950	7,432,950	7.76%	21
Mr. Blanca Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	21
Mr. Fernando Rueda Sabater	Interest of controlled corporation	—	7,432,950	7,432,950	7.76%	21
Mr. Richardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	21

Other persons (*interests related to ordinary shareholders*)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
VSC BVI	Beneficial Owner	6,336,309	—	6,336,309	6.61%	22
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	22
				<u>7,969,985</u>	<u>8.32%</u>	
VSC	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				<u>7,969,985</u>	<u>8.32%</u>	22 & 23
Huge Top	Beneficial owner	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
			<u>9,568,098</u>	<u>9.99%</u>	22 to 24	
Perfect Capital	Interest of controlled corporation	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
			<u>9,568,098</u>	<u>9.99%</u>	22 to 24	

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(d)	Note
Ms. Miriam Yao Che Li ("Ms. Yao")	Interest of controlled corporation	1,598,113	—	1,598,113	1.67%	
	Interest of controlled corporation	6,336,309	—	6,336,309	6.61%	
	Interest of controlled corporation	1,633,676	—	1,633,676	1.71%	
				9,568,098	9.99%	22 to 25

Notes:

1. Mr. Tsang was directly interested in 19,693,486 shares and a further 39,386,973 underlying shares which may fall to be issued if the Convertible Bonds are converted at the initial conversion price of HK\$0.1566.
2. These 509,400 shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
3. Mr. Tsang was deemed to be interested in the 148,659,004 underlying shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited ("HSBC Trustee"). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in the 148,659,004 underlying shares. These 148,659,004 underlying shares were the same underlying shares referred to in note 13 below.

Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 shares.

4. NASAC was directly interested in 44,163,474 shares and a further 88,326,947 underlying shares which may fall to be issued if the Convertible Bonds are converted at an initial conversion price of HK\$0.1566. Accordingly, NASAC was deemed to be interested in a total of 132,490,421 shares.
5. NASA held the single voting participating share of NASAC and was therefore deemed to be interested in 132,490,421 shares.
6. API wholly owned all the shares in NASA, which in turn held the single voting participating share of NASAC. API was therefore deemed to be interested in 132,490,421 shares.
7. These underlying shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C, and its indirect subsidiary, The Goldman Sachs & Co., which in turn was the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
8. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.

9. These underlying shares were held by Tiger, a company controlled by Mr. Chen Jong-Tai and Ms. Chen Wu, Feng-Tsai. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Tiger.
10. These underlying shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Loyal.
11. These underlying shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Partners.
12. These underlying shares were held by Chevalier, a company 52.5% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Chevalier.
13. These underlying shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC International Trustee Limited was deemed to have interests in these underlying shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in AICV. These underlying shares were the same underlying shares referred to in note 3 above.
14. These underlying shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying shares under the SFO by virtue of her interests in Gentfull.
15. These underlying shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by G.G.G. SPA, a company controlled by Mr. Giorgio Girondi. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their corporate interests in Doutdes.
16. These underlying shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Girondi. Accordingly, Mr. Girondi was taken to be interested in these underlying shares under the SFO by virtue of his interests in G.G.G. S.A.
17. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless. These underlying shares were the same underlying shares referred to in note 2 under “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” above.
18. These underlying shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in KKR.
19. These underlying shares were held by Glint, a company 99% controlled by Mr. Van Vlissingen. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Glint.
20. These underlying shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Rawlco.

21. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Messrs. Angeles González Garcia and Jorge Garcia Gonzalez; 17,343,500 underlying shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying shares were held by Kobrither, S.A., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverria held 9,910,600 underlying shares; 7,432,950 underlying shares were held by Arcosilo, S.L., a company controlled by Messrs. Blanca Rueda Sabater and Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Richardo de Ponga Bianco.
22. VSC BVI owned 54% of the share capital of TN and was deemed to be interested in the 1,633,676 shares held by TN. VSC BVI directly owned 6,336,309 shares. VSC BVI was therefore directly and indirectly interested in an aggregate of 7,969,985 shares.
23. VSC owned the entire issued share capital of VSC BVI, VSC was therefore deemed to be interested in an aggregate of 7,969,985 shares.
24. Perfect Capital owned approximately 42.86% of the issued share capital of Huge Top. Huge Top was beneficially interested in approximately 47.05% of the issued share capital of VSC and Perfect Capital and Huge Top were therefore deemed to be interested in the 1,633,676 shares held by TN and the 6,336,309 shares held by VSC BVI. Huge Top also directly owned 1,598,113 shares. Huge Top was therefore directly and indirectly interested in an aggregate of 9,568,098 shares, and Perfect Capital was indirectly interested in the same aggregate interests.
25. Ms. Yao is one of the two directors for TN and Huge Top while the remaining director of these two companies is Mr. Yao who is the brother of Ms. Yao. Ms. Yao was therefore through Huge Top indirectly interested in an aggregate of 9,568,098 shares.

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 an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30th June 2006.

COMPETING INTERESTS

Mr. Andrew Yao Cho Fai, an executive Director of the Company, is the Chairman and Chief Executive Officer of VSC. According to the 2005/06 annual report of VSC, Huge Top held 173,424,000 shares (approximately 47.05%) in VSC as at 31st March 2006 and Mr. Yao is one of the two directors of Huge Top. Mr. Yao directly held approximately 11.91% and indirectly held approximately 42.86% of the issued share capital of Huge Top. Mr. Yao also has personal interests in 1,614,000 shares (approximately 0.44%) in VSC as at 31st March 2006. VSC is also engaged in steel trading business. The Directors believe that there is a risk that such business may compete with those of the Group. However, the Directors are also of the view that the invaluable experience of Mr. Yao in the steel industry will complement the development of the Group's business.

Save as disclosed above, none of the Directors or the management 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.

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 period ended 30th June 2006.

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. 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 on Corporate Governance Practices contained in the GEM Listing Rules, 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 accounts for the three months ended 30th June 2006 of the Company now reported on have been reviewed by the audit committee.

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

Hong Kong, 14th August 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 and Mr. Andrew Yao Cho Fai (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 for at least 7 days from its date of posting and on the Company's web site at www.nasholdings.com.