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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)**

### **MAJOR TRANSACTION — FINANCIAL ASSISTANCE**

**Financial adviser to North Asia Strategic Holdings Limited**



On 9th May 2008, Good Tactics and Coland entered into the Agreement, pursuant to which Good Tactics will, subject to the terms of the Agreement and on request by Coland, provide or procure the provision of one or more Guarantee(s) in favour of the Lenders in respect of the Loans. The aggregate of principal covered by all Guarantees shall not exceed HK\$300,000,000. A guarantee fee in respect of a Guarantee calculated at 0.5% per annum on the maximum principal amount of the payment obligations under that Guarantee on the date of issue and subject to a maximum of HK\$800,000 per annum would be payable by the Coland to the issuer of the Guarantee (or its nominee). The guarantee fee would be charged from the date when the Guarantee is issued up to the date when the Guarantee is discharged in full based on the actual number of days on which the Guarantee is subsisting.

The provision of Guarantee constitutes a major transaction of the Company under the GEM Listing Rules and is subject to approval of the Shareholders. Each of NASAC and Mr. Tsang, who is beneficially interested in approximately 46.1% and 21.1% of the existing issued Shares respectively, has given written consent to the Guarantee. The written consents from NASAC and Mr. Tsang are accepted in lieu of holding a general meeting to approve the Guarantee pursuant to Rule 19.44 of the GEM Listing Rules.

As the amount of the Guarantee exceeds 8% under the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules, details of the Guarantee are also disclosed in this announcement pursuant to Rule 17.18 of the GEM Listing Rules. A circular containing, among other things, details of the Agreement and the financial information of the Group will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 2nd May 2008 and will remain suspended pending the release of a separate announcement relating to a very substantial acquisition and possible very substantial disposal(s) of the Company.

\* For identification purpose only

## **BACKGROUND**

Reference is made to the announcement of the Company dated 19th October 2006 and the circular of the Company dated 10th November 2006 in relation to the acquisition by Good Tactics, a wholly-owned subsidiary of the Company, of 100,000,000 Coland Preferred Shares, representing 40% of the total issued share capital of Coland on a fully converted basis. As stated in the aforesaid announcement and circular, Good Tactics, Coland, Coland Shareholders and the Company would enter into the Shareholders' Agreement to regulate the respective shareholders' rights of Good Tactics and the Coland Shareholders in Coland. In addition, Good Tactics and the Company conditionally agreed to provide corporate guarantees to the Coland Group subject to certain compliance requirements and conditions. On 9th May 2008, Good Tactics and Coland entered into the Agreement, pursuant to which Good Tactics will, subject to the terms of the Agreement and on request by Coland, provide or procure the provision of one or more Guarantee(s) in favour of the Lenders in respect of the Loans. Details of the Agreement are set out below.

## **THE AGREEMENT**

**Date** : 9th May 2008

**Parties** : Good Tactics (as guarantor) and Coland (as borrower)

As at the date of the Agreement, Good Tactics held 100,000,000 Coland Preferred Shares, representing 40% of the total issued share capital of Coland on a fully converted basis. Save for Good Tactics' interest in the 100,000,000 Coland Preferred Shares, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Coland and the Coland Shareholders and their respective associates are Independent Third Parties.

### **Provision of Guarantee(s)**

Pursuant to the Agreement, Good Tactics shall provide or procure the provision of one or more Guarantee(s) in favour of the Lenders in respect of the relevant Loans at the request of Coland. Good Tactics shall not be obliged to provide any Guarantee pursuant to any request made by Coland unless all of the following conditions are met:

- (1) neither Coland nor the Coland Shareholders is in breach in any material respect of its obligations under the Shareholders' Agreement, nor is Coland in breach of its obligations under the Agreement;
- (2) neither Coland nor the borrower (if not Coland) of the Loan in respect of which a Guarantee is subsisting is in breach of its obligation under the Loan nor is any party providing security in respect of the Loan is in breach of the relevant security documents;
- (3) nothing has occurred or is likely to occur that could be reasonably expected to result in any material adverse change in the assets and liabilities, financial position or trading prospects of the Coland Group since 31st March 2007;

- (4) the borrower of the Loan (if not Coland) is a subsidiary of Coland and that the borrower and providers of security in respect of the Loan having due corporate power and authority to borrow the Loan and provide the security respectively;
- (5) the terms of the Guarantee and the relevant Loan are reasonable and on normal commercial terms, and the borrower of the relevant Loan could reasonably be expected to be able to service and repay the relevant Loan;
- (6) the relevant Loan is to be used for funding working capital of Coland and/or its subsidiaries;
- (7) the Lender of the relevant Loan having required in writing that the Guarantee be provided as a condition precedent to the making and/or renewal and/or continuation of the relevant Loan;
- (8) principal covered by the Guarantee and the payment obligations of the guarantor under the Guarantee does not exceed Good Tactics' shareholding in Coland on a fully diluted basis as if the Coland Preferred Shares have been fully converted; and
- (9) the Coland Shareholders have provided or will at the same time as the issue of the Guarantee provide jointly and severally in favour of the Lender such guarantee or other security acceptable to the Lender in respect of any remaining liability under the relevant Loan (which is not otherwise covered by the Guarantee).

### **Request of Guarantee**

Each request for Guarantee shall be made in writing by Coland to Good Tactics and shall contain, among other things, full particulars of the Guarantee requested and the relevant Loan.

### **Limit**

The aggregate of principal covered by all Guarantees shall not exceed HK\$300,000,000.

### **Guarantee fee**

A guarantee fee would be payable by Coland to the issuer of the Guarantee (or its nominee) in consideration of the provision of the relevant Guarantee. The guarantee fee shall be paid in advance by instalments, calculated at 0.5% per annum on the maximum principal amount of the payment obligations under that Guarantee on the date of issue and subject to a maximum guarantee fee of HK\$800,000 for each financial year of Coland. The guarantee fee would be charged from the date when the Guarantee is issued up to the date when the Guarantee is discharged in full based on the actual number of days on which the Guarantee is subsisting.

### **Conditions precedent**

The Agreement and the obligations of Good Tactics thereunder are subject to the following conditions being fulfilled on or before 31st July 2008 (or such later date as the parties to the Agreement may agree):

- (i) the approval (if required) of the Agreement and the transactions contemplated thereunder by the directors and shareholders of Coland; and

- (ii) the approval (if required) of the Agreement and the transactions contemplated thereunder by the Shareholders in general meeting on which resolution the Shareholders who vote are those who are permitted to vote under the GEM Listing Rules, or by obtaining written approval of the Shareholders in lieu of holding the general meeting in accordance with the GEM Listing Rules.

## **REASONS FOR PROVIDING THE GUARANTEE**

The Group is principally engaged in trading of surface mount technology assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services, developing and operating Burger King restaurants in Hong Kong and Macau and investment holding. The Coland Group, being a jointly controlled entity of the Group, is engaged in the business of processing of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds.

As disclosed in the third quarterly report 2007/2008 of the Company, demand for high-quality fish oil and the market price have remained strong. In response to the positive market environment, Coland has expanded into downstream businesses through the set up of a joint venture to produce and sell premium feed. Coland has also started the construction of its seafood processing and feed factories in Wuhan of China. The expansion plan as well as the increasing scale of operation of the Coland Group is expected to require working capital from banks or financial institutions. Given that (i) the maximum aggregate liability to be guaranteed by Good Tactics or the Group (if not by Good Tactics) does not exceed its pro rata share of shareholding in the total issued share capital of Coland; and (ii) the Coland Shareholders will at the same time provide jointly and severally security in favour of the Lender in respect of any remaining liability under the relevant Loan not covered by the Guarantee, the Board considers that the Agreement is on normal commercial terms. In addition, the expansion plan of Coland is expected to strengthen its revenue stream and profitability and will in turn benefit the Group since Coland is accounted for as a jointly controlled entity of the Group. Based on the above, the Directors consider that the provision of the Guarantee is in the interests of the Company and the Shareholders as a whole and that the terms of the Agreement are fair and reasonable.

## **GEM LISTING RULES IMPLICATION**

The provision of the Guarantee constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the approval of Shareholders. As no Shareholder or its associates have interests in the Agreement which are different from other Shareholders, no Shareholder is required to abstain from voting on the Guarantee. NASAC and Mr. Tsang hold approximately 46.1% and 21.1% of the existing issued Shares respectively as at the date of this announcement. The issued share capital of NASAC comprises 1 voting participating share and 266 non-voting participating shares, all with par value of US\$1 each. NASA holds the single voting participating share of NASAC. According to the memorandum of association of NASAC, the non-voting participating shareholders have no voting rights (save for matters affecting their class of shares only) and these shares cannot be converted into voting participating shares. NASA is a subsidiary of API. Mr. Tsang, Mr. Henry Kim Cho (Deputy Chairman and Executive Director of the Company), Mr. Savio Chow Sing Nam (Executive Director and Chief Executive Officer of the Company) and their respective associates in aggregate hold a controlling interest in API but none of the shareholders of API hold or control more than 30% of the equity interest in API. NASAC and Mr. Tsang have given written consents to the Guarantee. The written consents from NASAC and Mr. Tsang are accepted in lieu of holding a general meeting to approve the Guarantee pursuant to Rule 19.44 of the GEM Listing Rules.

As the amount of the Guarantee exceeds 8% under the asset ratio as defined under Rule 19.07(1) of the GEM Listing Rules, details of the Guarantee are also disclosed in this announcement pursuant to Rule 17.18 of the GEM Listing Rules.

## GENERAL

A circular containing, among other things, details of the Agreement and the financial information of the Group will be despatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 2nd May 2008 and will remain suspended pending the release of a separate announcement relating to a very substantial acquisition and possible very substantial disposal(s) of the Company.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Agreement”	the agreement dated 9th May 2008 entered into between Good Tactics and Coland in relation to the provision of the Guarantee by Good Tactics or the Group (if not by Good Tactics) in favour of the Lenders in respect of the Loans
“API”	Ajia Partners Inc., a company incorporated in the Cayman Islands and the holding company of NASA
“Board”	the board of Directors
“Coland”	Coland Group Limited, a company incorporated in Bermuda with limited liability
“Coland Group”	Coland and its subsidiaries
“Coland Preferred Shares”	a total of 100,000,000 convertible preferred shares of HK\$0.10 each in the share capital of Coland held by Good Tactics
“Coland Shareholders”	the shareholders of Coland other than Good Tactics
“Company”	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on GEM (stock code: 8080)
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Good Tactics”	Good Tactics Limited (佳略有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guarantee(s)”	the corporate guarantee(s) to be provided by Good Tactics or the Group (if not by Good Tactics) in favour of the Lenders with a limit of HK\$300,000,000 in aggregate pursuant to the terms of the Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Lender(s)”	the bank(s) or financial institution(s) operating and making (or proposing to make) advances to the Coland Group other than persons that are citizens or residents of or established or otherwise operating in the People’s Republic of China
“Loan”	the loan made or proposed to be made by the Coland Group from the Lenders, which loan is not available or repayable in RMB and is solely for the purpose of financing its working capital whether in the form of trade finance facilities, or otherwise where the context requires in respect of any Guarantee, the loan part of the repayment obligations in respect of which is guaranteed under that Guarantee
“Mr. Tsang”	Mr. Moses Tsang Kwok Tai, a substantial Shareholder holding approximately 21.1% of the existing issued Shares who is also the chairman and managing partner of API
“NASA”	North Asia Strategic Advisors, a company incorporated in the Cayman Islands and a subsidiary of API
“NASAC”	North Asia Strategic Acquisition Corp., a company incorporated in the Cayman Islands and the controlling Shareholder holding approximately 46.1% of the existing issued Shares. NASA controls 100% of the voting capital of NASAC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“Shareholders”	the holders of the Shares and/or preference shares of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 7th December 2006 entered into among Good Tactics, Coland, Coland Shareholders and the Company in relation to the respective shareholders’ rights of Good Tactics and the Coland Shareholders in Coland
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15th May 2008

*As at the date of this announcement, the Board comprises Mr. Göran Sture Malm (Chairman), Mr. Henry Kim Cho (Deputy Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer) and Mr. Andrew Yao Cho Fai (being the Executive Directors), Mr. Takeshi Kadota (being the Non-executive Director), Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak (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 “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.nasholdings.com](http://www.nasholdings.com).*