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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)

PROPOSED CAPITAL REORGANISATION AND PROPOSED CHANGE IN BOARD LOT SIZE

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders the proposal for the Capital Reorganisation which will involve:

- (i) the Share Consolidation, whereby every 10 issued Shares of HK\$0.01 each will be consolidated into 1 Consolidated Share of HK\$0.10;
- (ii) the Capital Reduction, whereby the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 of the paid-up capital on each Consolidated Share and to round down the total number of Consolidated Shares to a whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation; and
- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to compliance with the Companies Act.

CHANGE IN BOARD LOT SIZE

The Board proposes to change the board lot size of the New Shares for trading on the Stock Exchange to 8,000 New Shares upon the Capital Reorganisation becoming effective.

* *For identification purpose only*

GENERAL

The Capital Reorganisation is subject to the approval by the Shareholders by way of poll at the SGM. As none of the Shareholders or their associates (as defined in the GEM Listing Rules) would have any material interest in the Capital Reorganisation which is different from that of other Shareholders, no Shareholder would be required to abstain from voting at the SGM.

A circular containing, among other things, details of the Capital Reorganisation, the Change in Board Lot Size and the notice convening the SGM will be despatched to the Shareholders on or before 16 August 2012.

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- (iii) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to compliance with the Companies Act.

Effect of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$700,000,000 divided into 40,000,000,000 Shares of HK\$0.01 each and 30,000,000,000 CPS of HK\$0.01 each, of which 13,459,389,487 Shares are issued and credited as fully paid. Upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation, the issued share capital of the Company will become HK\$13,459,389.48 divided into 1,345,938,948 New Shares of HK\$0.01 each but the authorised share capital of the Company will remain unchanged.

Based on the 13,459,389,487 Shares in issue as at the date of this announcement, a credit of approximately HK\$121.1 million will arise as a result of the Capital Reduction and will be credited to the contributed surplus account of the Company such that the Company may apply such surplus in any manner as they consider appropriate subject to compliance with the Companies Act including, but not limited to, setting off against accumulated losses of the Company from time to time.

The New Shares will rank pari passu in all respects with each other.

Any fractional New Shares to which individual Shareholder is entitled will not be issued to the Shareholders but will be aggregated, sold and retained for the benefit of the Company.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operation, management or financial position of the Group or the interests of the Company and the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled.

A summary of the effect of the Capital Reorganisation (assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation) is set out as follows:

	As at the date of this announcement	Immediately after the Capital Reorganisation becoming effective
Par value per share	HK\$0.01 per Share/CPS	HK\$0.01 per New Share/CPS
Number of authorised shares		
— Ordinary shares	40,000,000,000 Shares	40,000,000,000 New Shares
— CPS	30,000,000,000 CPS	30,000,000,000 CPS
Authorised share capital	HK\$700,000,000	HK\$700,000,000
Number of shares in issue		
— Ordinary shares	13,459,389,487 Shares	1,345,938,948 New Shares
— CPS	Nil	Nil
Issued share capital	HK\$134,593,894.87	HK\$13,459,389.48

Save for the above Shares, the Company does not have any warrants, options or convertible securities in issue as at the date hereof.

Conditions

The Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) compliance with the relevant procedures and requirements under the Companies Act to effect the Capital Reorganisation;

- (iii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares; and
- (iv) the obtaining of all necessary approvals from the regulated authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming all of the conditions above are fulfilled, it is expected that the Capital Reorganisation will become effective on the business day immediately following the date of passing of the special resolution approving the Capital Reorganisation at the SGM.

REASONS FOR THE CAPITAL REORGANISATION

The closing Share price as at the date of this announcement is HK\$0.032 per Share, which is not significantly higher than the existing par value of HK\$0.01 per Share. Immediately upon the Capital Reorganisation taking effect, the share price would be adjusted accordingly to reflect the effect of the Share Consolidation which will be much higher than the par value per New Share of HK\$0.01. The Directors consider that (i) the Capital Reorganisation will give greater flexibility to the Company to raise funds through the issue of New Shares in the future since the Company is not permitted to issue new shares below their par value under the laws of Bermuda and its Bye-Laws; (ii) the Share Consolidation will reduce the transaction costs for dealing in the shares of the Company, including those fees which are charged with reference to the number of board lots; and (iii) the elimination of the Company's accumulated loss will allow greater flexibility for the Company to pay dividend in the future. Accordingly, the Directors are of the view that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

CHANGE IN BOARD LOT SIZE

The Shares are currently trading in board lot size of 2,000 Shares. The Board proposes to change the board lot size of the New Shares for trading on the Stock Exchange to 8,000 New Shares upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.032 per Share as quoted on the Stock Exchange as at the date of this announcement, the estimated market value per board lot of the New Shares will be HK\$2,560 assuming the Capital Reorganisation becomes effective.

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company will procure a designated broker to arrange for the matching of the sales and purchases of odd lots of the New Shares. Details of the odd lot arrangements will be provided in the circular in connection with the Capital Reorganisation to be despatched by the Company to the Shareholders.

OTHER ARRANGEMENTS

CCASS eligibility

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS in the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of certificates for the New Shares and trading arrangements

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period from Monday, 17 September 2012 to Friday, 26 October 2012, submit their existing certificates for the Shares (in green colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange for new certificates for the New Shares at the expense of the Company. Thereafter, share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate for the New Shares issued or each share certificate for the Shares submitted for cancellation, whichever the number of certificates involved is higher.

Certificates for the Shares will continue to be good evidence of legal title on the basis of every 10 Shares for 1 New Share and may be exchanged for certificates of the New Shares at any time. Nevertheless, they will not be acceptable for trading, settlement and registration purpose after the Capital Reorganisation becomes effective (except in a temporary counter after the commencement of dealings in the New Shares until parallel trading ends as detailed below).

EXPECTED TIMETABLE

Subject to the above conditions being fulfilled, the expected timetable for the Capital Reorganisation is set out below:

2012

Despatch of circular, notice and proxy form for the SGM	Thursday, 16 August
Latest time for lodging form of proxy in respect of the SGM	10:30 a.m. on Wednesday, 12 September
SGM	10:30 a.m. on Friday, 14 September
Announcement of the poll results of the SGM	Friday, 14 September
Effective date of the Capital Reorganisation	Monday, 17 September
Dealing in the New Shares commences	9:00 a.m. on Monday, 17 September
Original counter for trading in the Shares in board lot of 2,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 17 September
Temporary counter for trading in the New Shares in board lot of 200 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 17 September
First day of free exchange of existing share certificates for the existing Shares for new share certificates for the New Shares	Monday, 17 September
Original counter for trading in the New Shares in board lot of 8,000 New Shares (in the form of new share certificates for the New Shares) re-opens.	9:00 a.m. on Wednesday, 3 October
Parallel trading in the New Shares in the form of new share certificates and existing share certificates commences	9:00 a.m. on Wednesday, 3 October
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Wednesday, 3 October
Parallel trading in the New Shares in the form of new share certificates and existing share certificates ends	4:00 p.m. on Wednesday, 24 October

Temporary counter for trading in the New Shares in board lot of 200 New Shares (in the form of existing share certificates) closes 4:00 p.m. on Wednesday, 24 October

Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares 4:00 p.m. on Wednesday, 24 October

Last day of free exchange of existing share certificates for the existing Shares for new share certificates of the New Shares Friday, 26 October

All time and dates specified in this announcement refer to Hong Kong local time and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. If there are any changes to the expected timetable, the Company will publish announcement to notify the Shareholders as and when appropriate.

GENERAL

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A circular containing, among other things, details of the Capital Reorganisation, the Change in Board Lot Size and the notice convening the SGM will be despatched to the Shareholders on or before 16 August 2012.

WARNING

Shareholders and potential investors should be aware and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“Capital Reduction”	the proposed reduction of issued share capital whereby the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01 by cancelling HK\$0.09 of the paid-up capital on each issued Consolidated Share and to round down the total number of Consolidated Shares to a whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company involving the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 8,000 New Shares after the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Company”	North Asia Strategic Holdings Limited, a limited liability company incorporated in Bermuda, the issued Shares of which are listed on GEM (stock code: 8080)
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.10 each in the capital of the Company immediately after the Share Consolidation and prior to the Capital Reduction
“CPS”	convertible preference shares with par value of HK\$0.01 each in the capital of the Company
“Director(s)”	director(s) of the Company

“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company upon the Capital Reorganisation becoming effective
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company prior to the Capital Reorganisation becoming effective
“Share Consolidation”	the proposed consolidation of every 10 Shares of HK\$0.01 each into 1 Consolidated Share of HK\$0.10 in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares or the New Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
North Asia Strategic Holdings Limited
Lam Yee Fan
Company Secretary

Hong Kong, 13 July 2012

As at the date of this announcement, the Board comprises Mr. Yu Wang Tak (Chairman and Executive Director); Mr. James Tsiolis (Deputy Chairman), Mr. Jason Matthew Brown (Mr. Enoch Yi-Nong Wu as his Alternate Director), Mr. Göran Sture Malm and Mr. Takeshi Kadota (being Non-executive Directors); and Mr. Kenny Tam King Ching, Mr. Philip Ma King Huen and Mr. George Forrai (being 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.