

# 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 2013

### CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors” or the “Board”) of North Asia Strategic Holdings Limited 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 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.*

\* For identification purpose only

During the three months ended 30th June 2013 (the “quarter”), our three business divisions have continued its earnings improvement trend.

## **HIGHLIGHTS**

### **NAS Financial Highlights**

- During the quarter, the Group recorded an unaudited consolidated revenue of approximately HK\$337,918,000, representing an increase of approximately 22.2% from the corresponding period last year.
- Total unaudited consolidated net loss attributable to shareholders of the Company for the quarter was approximately HK\$1,582,000, versus an unaudited consolidated net profit of approximately HK\$6,846,000 for the corresponding period last year. This was mainly due to the worsening of the gross profit leading to decrease in profit of our business divisions and increase of the Company’s one-off expenses related to professional services in the quarter.
- Unaudited consolidated net asset value attributable to shareholders of the Company per ordinary share was approximately HK\$0.724 as at 30th June 2013, which reflected an increase of HK\$0.001 from HK\$0.723 as at 31st March 2013.

### **Division Financial Highlights**

- During the quarter, unaudited revenue and unaudited net profit generated from the hi-tech distribution and services division were approximately HK\$311,771,000 and HK\$4,898,000 respectively.
- During the quarter, unaudited revenue generated from the branded food division was approximately HK\$26,147,000 with unaudited net profit of approximately HK\$1,915,000.
- During the quarter, the Group shared 40% unaudited net profit of our fishmeal, fish oil and aquatic products division conducting business through our 40% joint ventures of approximately HK\$762,000.

## RESULTS

The following are the unaudited condensed consolidated results of North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) and its joint ventures for the three months ended 30th June 2013 together with the comparative unaudited figures for the corresponding period in 2012:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the three months ended 30th June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
Revenue	3	337,918	276,539
Cost of sales		<u>(287,253)</u>	<u>(217,857)</u>
Gross profit		50,665	58,682
Other income and gains, net		1,625	3,782
Selling and distribution expenses		(38,141)	(42,284)
General and administrative expenses		<u>(15,942)</u>	<u>(11,480)</u>
Operating profit/(loss)		(1,793)	8,700
Finance income	4	727	1,094
Finance costs	4	(615)	(2,794)
Share of profits of joint ventures		<u>762</u>	<u>1,549</u>
Profit/(loss) before income tax		(919)	8,549
Income tax expense	5	<u>(663)</u>	<u>(1,703)</u>
Profit/(loss) for the period		<u><u>(1,582)</u></u>	<u><u>6,846</u></u>
Earnings/(loss) per share attributable to ordinary shareholders of the Company	6		(Restated)
Basic and diluted			
— For profit/(loss) for the period ( <i>HK cents</i> )		<u><u>(0.12)</u></u>	<u><u>0.51</u></u>

Details of the dividends are disclosed in note 7 to this announcement.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the three months ended 30th June</b>	
	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Profit/(loss) for the period	<u>(1,582)</u>	<u>6,846</u>
Other comprehensive income/(loss):		
Currency translation differences of foreign operations	412	268
Share of other comprehensive income/(loss) of joint ventures	<u>2,607</u>	<u>(863)</u>
Other comprehensive income/(loss) for the period, net of income tax of nil	<u>3,019</u>	<u>(595)</u>
Total comprehensive income for the period	<u><u>1,437</u></u>	<u><u>6,251</u></u>

## *Notes:*

### **1. General information**

The Group is principally engaged in the following businesses:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and the provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **branded food:** developing and operating Burger King restaurants in Hong Kong;
- **fishmeal, fish oil and aquatic products:** refining and sale of fish oil, processing and sale of fishmeal, manufacturing and sale of aquatic feed products, aquaculture and processing and sale of aquatic products (conducted through joint ventures); and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is Suite 1318, 13th Floor, Two Pacific Place, 88 Queensway, Hong Kong.

The Company’s ordinary shares are listed on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This announcement is presented in Hong Kong dollars and all values are rounded to the nearest thousand, except when otherwise indicated.

This announcement has been approved for issue by the Company’s Board of Directors on 8th August 2013.

### **2. Basis of preparation**

This unaudited condensed consolidated financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

This unaudited condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31st March 2013.

During the year ended 31st March 2013, the Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time:

HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>

These five HKFRSs have been adopted retrospectively and the impact on the unaudited condensed consolidated income statement for the three months ended 30th June 2012 is set out below:

	<i>HK\$'000</i>
(Decrease) in revenue	(194,699)
Decrease in cost of sales	173,617
Increase in other income and gains, net	5
Decrease in selling and distribution expenses	3,700
Decrease in general and administrative expenses	8,890
(Decrease) in finance income	(614)
Decrease in finance costs	5,142
Decrease in income tax expense	2,292
Increase in share of profits of joint ventures	1,549
	<hr/>
Decrease in profit for the period	(118)
	<hr/> <hr/>
Decrease in profit attributable to non-controlling interests	(118)
	<hr/> <hr/>

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st March 2013, except for the adoption of the following new and revised standards and interpretations for the first time for the current period's financial information:

HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	<i>Amendments to HKFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	<i>Amendments to HKAS 1 Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HK(IFRIC) — Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements</i>	<i>Amendments to a number of HKFRSs issued in June 2012</i>
<i>2009 — 2011 Cycle</i>	

The adoption of these new and revised standards and interpretations has had no significant impact on the Group.

### 3. Turnover and revenue

Turnover represents sales of goods, revenue from branded food operation, commission and other service income. The amounts of each category of revenue recognised during the period are as follows:

	For the three months ended 30th June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
Sales of goods	308,309	227,140
Revenue from branded food operation	26,147	32,651
Commission and other service income	3,462	16,748
	<u>337,918</u>	<u>276,539</u>

### 4. Finance income and costs

An analysis of finance income and costs is as follows:

	For the three months ended 30th June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited) (Restated)
<b>Finance income:</b>		
Interest income from bank deposits	365	1,094
Net foreign exchange gains on financing activities	362	—
	<u>727</u>	<u>1,094</u>
<b>Finance costs:</b>		
Interest on bank loans	153	403
Net foreign exchange losses on financing activities	—	1,345
Increase in discounted amounts arising from the passage of time	462	1,046
	<u>615</u>	<u>2,794</u>

### 5. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2012: 25%).

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

The amounts of income tax expense/(credit) recorded in the unaudited condensed consolidated income statement represent:

	<b>For the three months ended 30th June</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited) (Restated)
Current taxation		
Hong Kong profits tax		
— current period	<b>628</b>	1,708
Mainland China enterprise income tax		
— current period	<b>35</b>	34
Overseas taxation		
— current period	<b>—</b>	(39)
	<b>663</b>	1,703

## 6. Earnings/(loss) per share

### *Basic earnings/(loss) per share*

Basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>For the three months ended 30th June</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) attributable to shareholders of the Company ( <i>HK\$'000</i> )	<b>(1,582)</b>	6,846
		(Restated)
Weighted average number of ordinary shares in issue*	<b>1,345,938,948</b>	1,345,942,026
Basic earnings/(loss) per share ( <i>HK cents</i> )	<b>(0.12)</b>	0.51

\* The weighted average number of ordinary shares for the three months ended 30th June 2012 has been adjusted for the Capital Reorganisation (as defined in the Group's announcement and circular dated 13th July 2012 and 16th August 2012 respectively) taken place on 17th September 2012.

### *Diluted earnings/(loss) per share*

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the periods ended 30th June 2013 and 2012 as the Group did not have any potential diluted ordinary shares during the periods ended 30th June 2013 and 2012.



## 7. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2013 (2012: Nil).

## 8. Equity

Movements in equity are as follows:

	(Unaudited)			
	Shares capital	Other reserves <i>(note)</i>	Accumulated losses	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Balances at 1st April 2012	134,660	1,269,062	(128,411)	1,275,311
Profit for the period	—	—	6,846	6,846
Currency translation differences of foreign operations (restated)	—	268	—	268
Share of other comprehensive loss of joint ventures (restated)	—	(863)	—	(863)
	<u>—</u>	<u>(863)</u>	<u>—</u>	<u>(863)</u>
Total comprehensive income/(loss) for the period	—	(595)	6,846	6,251
Share repurchase	—	(54)	—	(54)
Cancellation of shares repurchased	(66)	258	(204)	(12)
	<u>(66)</u>	<u>258</u>	<u>(204)</u>	<u>(12)</u>
Balances at 30th June 2012	<u>134,594</u>	<u>1,268,671</u>	<u>(121,769)</u>	<u>1,281,496</u>
Balances at 1st April 2013	<b>13,459</b>	<b>1,122,294</b>	<b>(162,106)</b>	<b>973,647</b>
Loss for the period	—	—	(1,582)	(1,582)
Currency translation differences of foreign operations	—	412	—	412
Share of other comprehensive income of joint ventures	—	2,607	—	2,607
	<u>—</u>	<u>2,607</u>	<u>—</u>	<u>2,607</u>
Total comprehensive income/(loss) for the period	—	<b>3,019</b>	<b>(1,582)</b>	<b>1,437</b>
	<u>—</u>	<u>3,019</u>	<u>(1,582)</u>	<u>1,437</u>
Balances at 30th June 2013	<u><b>13,459</b></u>	<u><b>1,125,313</b></u>	<u><b>(163,688)</b></u>	<u><b>975,084</b></u>

*Note:*

The following describes the share repurchased and cancelled by the Company during the three months ended 30th June 2012 and the number of shares described had not been adjusted for the share consolidation that occurred subsequent to these repurchases and cancellation.

During the three months ended 30th June 2012, the Company repurchased a total of 1,400,000 ordinary shares of the Company on the Stock Exchange and 6,570,000 shares were cancelled by the Company. Upon the cancellation of the 6,570,000 shares repurchased, the issued share capital of the Company was reduced by the par value of HK\$66,000. The premium paid on the repurchase of the shares of HK\$204,000, including transaction costs, was charged to the accumulated losses of the Company. As at 30th June 2013, no ordinary shares were repurchased but not yet cancelled by the Company.

## **9. Events after the reporting period**

On 8th July 2013, the Group entered into an agreement to dispose of its entire interests in Coland Group Limited (the “Transaction”). The Transaction, subject to certain completion conditions, including shareholders’ approval, is targeted to be completed in September 2013.

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the three months ended 30th June 2013 (the “quarter”), the Group recorded an unaudited consolidated revenue of approximately HK\$337,918,000 versus an unaudited consolidated revenue of approximately HK\$276,539,000 (restated) in the corresponding period last year. The Group recorded an unaudited consolidated net loss of approximately HK\$1,582,000 in the quarter, as compared to an unaudited consolidated net profit of approximately HK\$6,846,000 (restated) for the corresponding period last year. This year on year difference was principally due to worsening of the gross profit performance of our business divisions and the increase in the Company’s one-off expenses related to professional services rendered to the Group, inter alia, for the proposed issuance of convertible preference shares with unlisted warrants under a specific mandate in the quarter.

Below is a summary of the financial and business highlights of each major business division. The unaudited profit/loss figures disclosed below, do not include any intra-group charges, as they are eliminated upon consolidation.

### **Hi-tech Distribution and Services Division**

Our hi-tech distribution and services division conducted business through our wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the distribution, sales and service of surface mount technology (“SMT”) equipment, with a history of more than 20 years serving its customers in the hi-technology sector. Our team of more than 230 engineers and customer care staff are located in more than 25 cities in China, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. We are especially well positioned with the growing base of Chinese manufacturers. Our suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe. With its leading market position, American Tec signed new distribution and service agreements with leading SMT and software suppliers during the quarter to complement our major partnership with Fuji Machine Manufacturing Co. Ltd. to offer a comprehensive and competitive SMT solution.

During the quarter, this division recorded an unaudited revenue of approximately HK\$311,771,000, compared to an unaudited revenue of approximately HK\$243,888,000 in the corresponding period last year. This year on year increase in revenue was mainly due to an increase in direct machine and solution sales though there was a reduction on commission incomes. In order to be less dependent on commission incomes, more efforts were put to strengthen our direct machine sales and it is encouraging that its profit contributions are showing results. However, due to the challenging market situation, we do see a pressure on gross margins from SMT machine sales but American Tec still performs above the industry average. Management had implemented a number of cost control programs, improved service income and achieved higher margin contributions from sales of peripheral equipment in the quarter to counteract the effect of pressure on gross margins of SMT machine sales. Hence, American Tec recorded an unaudited net profit of approximately HK\$4,898,000 in the quarter, a reduction of 39% from the unaudited net profit of about HK\$8,068,000 in the corresponding period last year. However, it represents an increase by 9% as compared to previous quarter ended 31st March 2013.

### **Branded Food Division**

During the quarter, two restaurants were closed as part of our profitability enhancement plan and the management will continue to focus on new product introductions and cost control measures. The division recorded an unaudited revenue of approximately HK\$26,147,000 with an unaudited net profit of approximately HK\$1,915,000 (including a net decrease of provision for lease obligations of approximately HK\$5,652,000), versus an unaudited revenue of approximately HK\$32,651,000 with unaudited net profit of approximately HK\$814,000 in the corresponding period last year. Excluding the net decrease of provision for lease obligations of approximately HK\$5,652,000 (three months ended 30th June 2012: HK\$5,228,000), the division's unaudited net loss is about HK\$3,737,000 for the quarter, down 15.3% from the unaudited net loss of about HK\$4,414,000 in the corresponding period last year.

### **Fishmeal, Fish Oil and Aquatic Products Division**

Our fishmeal, fish oil and aquatic products division conducted business through our 40% joint venture, Coland Group Limited ("Coland"). Coland continues to focus on serving the growing need for its products in the aquatic and pig farms and consumer sector in the Chinese, American and European markets. Today, it is one of the leading providers and processors of fishmeal, aquatic feed and fish oil in Asia. Coland is a leader in product quality and has one of the largest fish oil storage and processing capabilities in Asia today.

The Group had entered into a conditional sale and purchase agreement with the purchaser to dispose of the entire 40% interest in Coland on 8th July 2013. The completion of the disposal is pending upon the approval by the shareholders at the special general meeting.

During the quarter, due to high market price of imported brown fishmeal, demand from the aquaculture industry in China declined. Furthermore, owing to continuing rainfall in Southern China, shrimp farming industry was hampered and demand for Coland's processed fish oil products, which

are used for producing shrimp feed, was weakened. As a result, we shared 40% unaudited net profit of approximately HK\$762,000 for the quarter, dropped by 51% from the unaudited net profit of about HK\$1,549,000 (restated) in the corresponding period last year.

## **OUTLOOK**

### **Overall Summary**

We expect the volatility in the global economy to continue in the second half of 2013. This will continue to offer various challenges to our businesses in the coming quarters, ranging from cautious customer demand to pressure on margins. Our companies are leaders in their respective markets and our focus will be to manage cash, costs and risks and, to build our strength during these times by working with our management teams to improve capability and efficiency.

### **Hi-tech Distribution and Services Division**

In the near term, we expect that our customers will continue to be more cautious in their capital investment plan since competitions are getting stiffer, which may impact on our revenue and margins. However, customers are demanding more automation and services that can help them operate more efficiently and bringing their manufacturing cost down so as to compete in the increasingly competitive electronics businesses. In order to minimize the impact from the maturing and increasingly competitive SMT industry, and to strengthen our leading position in the industry and maintain healthy growth, we are focusing on the following areas: (i) accelerating the growth of revenue streams from services, (ii) introduction of new products and solutions that yield higher margins and (iii) extension to alternative market segments such as applied electronics and software. At the same time, we will also continue to monitor our working capital, constantly review gross margin contribution from each product, manage operating costs and foreign exchange risk closely with a view to protect our cash flow and profitability.

### **Fishmeal, Fish Oil and Aquatic Products Division**

Following the Group had entered into a conditional sales and purchase agreement with the purchaser to dispose of the entire 40% interest in Coland on 8th July 2013, the disposal of Coland will be completed after the approval by the shareholders at the special general meeting.

### **Branded Food Division**

In this economic climate, the quick service restaurant business is expected to have increased demand as people look for lower cost alternatives for dining out. Burger King continues to provide premium products in the market place with a great brand. Working in close partnership with BK AsiaPac, Pte. Ltd., the franchisor of Burger King, we will continue our critical review on the performance of each restaurant while developing cost effective promotional programs to attract customers for sales growth.

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

As at 30th June 2013, 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:

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholdings</b>
Ding Yi	Beneficial owner	402,445,296	29.90%

Save as disclosed above, as at 30th June 2013, none of the Directors and 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) 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 securities transactions by Directors.

## **INTERESTS OR SHORT POSITIONS OF OTHER PERSONS**

As at 30th June 2013, 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 or underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO:

### **Long positions in the shares of the Company**

#### *Other shareholders of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholdings</b>
C.L. Davids Fond og Samling	Beneficial owner	106,178,010	7.89%
United Overseas Bank Limited	Beneficial owner	69,457,701	5.16%

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 30th June 2013.

## SHARE OPTION SCHEME

No share options have been granted by the Company pursuant to a share option scheme adopted on 10th June 2002, which was expired on 10th June 2012 (the “2002 Scheme”). After the expiry of the 2002 scheme, the Company has not adopted any new share option scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 30th June 2013, no share options have been granted pursuant to the Best Creation Scheme.

## COMPETING INTERESTS

As at 30th June 2013, none of the Directors or substantial 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.

## CONTINUING DISCLOSURE UNDER RULE 17.24 OF THE GEM LISTING RULES

The following is an unaudited condensed consolidated statement of financial position as at 30th June 2013 of Coland Group Limited, a joint venture, of which the Group has an equity interest of 40%, as required therein under rule 17.24 of the GEM Listing Rules:

	<i>HK\$'000</i>
Non-current assets	369,807
Inventories	530,961
Cash and cash equivalents	31,819
Other current assets	279,010
Bank borrowings	(433,755)
Other current liabilities	(331,062)
Non-current liabilities	(4,904)
	<hr/>
Net assets	<u>441,876</u>

## **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 three months ended 30th June 2013.

## **CORPORATE GOVERNANCE CODE**

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director of the Company is aware of any information which would reasonably indicate that the Company is not, or was not at any time during three months ended 30th June 2013, acting in compliance with the Code.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board's decisions are implemented under the leadership of the Chairman with the involvement and support of the chief executive officer(s) and general manager(s) of the Company's operating companies. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific terms. However, Mr. James Tsiolis, Non-Executive Director elected by the shareholders at the general meeting of the Company has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meetings in accordance with the bye-laws of the Company.

## **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. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the three months ended 30th June 2013 of the Company now reported on have been reviewed by the audit committee.

On behalf of the Board  
**North Asia Strategic Holdings Limited**  
**Ding Yi**  
*Chairman and Executive Director*

Hong Kong, 8th August 2013

*As at the date of this announcement, the Board comprises Mr. Ding Yi (Chairman and Executive Director); Mr. James Tsiolis (Deputy Chairman and Non-Executive Director) and Mr. Joseph Chan Nap Kee (Non-Executive Director); and Mr. Stephen Luk Kai Ming, Mr. Kenneth Kon Hiu King and Mr. Joseph Liang Hsien Tse (Independent Non-Executive Directors).*

*This announcement will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page 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).*