

# 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 2014

### 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.

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*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 of Hong Kong Limited (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

## RESULTS

The Board of directors (the “Board”) of North Asia Strategic Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30th June 2014, together with the comparative figures of the corresponding period last year.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30th June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited) (Restated)
<b>Continuing operations</b>			
Revenue	3	258,978	311,771
Cost of sales		<u>(224,830)</u>	<u>(277,129)</u>
Gross profit		34,148	34,642
Other income and gains, net		183	1,561
Selling and distribution expenses		(18,205)	(20,360)
General and administrative expenses		<u>(16,720)</u>	<u>(20,102)</u>
Operating loss		(594)	(4,259)
Finance income	4	1,873	727
Finance costs	4	(11)	(64)
Share of profits and losses of joint ventures	6	<u>—</u>	<u>762</u>
Profit/(loss) before income tax		1,268	(2,834)
Income tax expense	5	<u>(1,108)</u>	<u>(663)</u>
Profit/(loss) for the period from continuing operations		160	(3,497)
<b>Discontinued operation</b>			
Profit for the period from a discontinued operation	7	<u>—</u>	<u>1,915</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>160</u></b>	<b><u>(1,582)</u></b>
Earnings/(loss) per share attributable to ordinary shareholders of the Company			
Basic and diluted	8		
— For profit/(loss) for the period ( <i>HK cents</i> )		<b><u>0.01</u></b>	<b><u>(0.12)</u></b>
— For profit/(loss) for the period from continuing operations ( <i>HK cents</i> )		<b><u>0.01</u></b>	<b><u>(0.26)</u></b>

Details of the dividend are disclosed in note 9 to this announcement.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>For the three months ended 30th June</b>	
	<b>2014</b>	<b>2013</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited) (Restated)</b>
Profit/(loss) for the period	<b><u>160</u></b>	<b><u>(1,582)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in the subsequent period:		
Currency translation differences:		
Currency translation differences of foreign operations	(118)	412
Share of other comprehensive income of joint ventures	<u>—</u>	<u>2,607</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL</b>	<b><u>(118)</u></b>	<b><u>3,019</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>42</u></b>	<b><u>1,437</u></b>

*Notes:*

## **1. General information**

North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the following businesses during the period:

- **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; and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the “Companies Act”). 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 (“HK\$”) 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 7th August 2014.

## **2. Basis of preparation**

This announcement 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 announcement 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 2014.

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 2014, 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 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</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, commission and other service income. The amounts of each category of revenue recognised from continuing operations during the period are as follows:

	For the three months ended	
	30th June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Sales of goods	256,307	308,308
Commission and other service income	2,671	3,463
	<u>258,978</u>	<u>311,771</u>

#### 4. Finance income and costs

An analysis of finance income and costs from continuing operations is as follows:

	For the three months ended	
	30th June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
<b>Finance income:</b>		
Interest income from bank deposits	1,202	365
Interest income from notes receivables	234	—
Increase in discounted amounts arising from the passage of time	437	—
Net foreign exchange gains on financing activities	—	362
	<u>1,873</u>	<u>727</u>
<b>Finance costs:</b>		
Interest on bank loans	11	64
Net foreign exchange losses on financing activities	—	—
	<u>11</u>	<u>64</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% (2013: 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% (2013: 25%).

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

The amounts of income tax expense from continuing operations recorded in the condensed consolidated statement of profit or loss represent:

	<b>For the three months ended 30th June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	1,026	628
Mainland China enterprise income tax		
— current period	82	35
	<u>1,108</u>	<u>663</u>

## 6. Disposal of investment in joint ventures

On 8th July 2013, the Group entered into an agreement (the “Agreement”) to dispose of 100% of preferred shares of Coland Group Limited (“Coland”) (the “Disposal”). Details of the Disposal are discussed in the Company’s announcement dated 8th July 2013 and the Company’s circular dated 12th August 2013. The disposal of Coland had been completed on 19th September 2013.

With the disposal of Coland, the results from Coland were no longer included in the Group’s results subsequent to the completion of the Disposal.

The unaudited shared revenue and expenses of Coland for the period ended 30th June 2013 are set out as below:

	For the three months ended 30th June 2013 HK\$'000 (Unaudited)
Revenue	110,005
Expenses	<u>(107,663)</u>
Profit before income tax	2,342
Income tax expense	(1,604)
Non-controlling interests	<u>24</u>
Profit after tax	762
Other comprehensive income	<u>2,607</u>
Total comprehensive income for the period	<u><u>3,369</u></u>

## 7. Discontinued operation

On 29th August 2013, the Group entered into a sale and purchase agreement to dispose of its entire interests in Smart Tactic Limited and its subsidiaries (“Smart Tactic Group”). Smart Tactic Group engages in branded food operation. The Group has decided to cease its branded food operation because it enables the Group to reserve more resources on its hi-tech distribution and services operation and explore future investment to enhance shareholders’ value. Details are disclosed in the Company’s announcement dated 29th August 2013. The disposal of Smart Tactic Group had been completed on 31st October 2013.

With the disposal of Smart Tactic Group, the results from Smart Tactic Group were no longer included in the Group’s results subsequent to the completion of disposal.

The unaudited consolidated results of Smart Tactic Group for the period ended 30th June 2013 are presented as below:

	For the three months ended 30th June 2013 <i>HK\$’000</i> (Unaudited)
Revenue	26,147
Expenses	(23,681)
Finance costs	<u>(551)</u>
Profit before income tax	1,915
Income tax expense	<u>—</u>
Profit for the period from a discontinued operation	<u><u>1,915</u></u>

The calculation of basic and diluted earnings per share from the discontinued operation are based on:

	For the three months ended 30th June 2013 (Unaudited)
Profit attributable to ordinary shareholders of the parent from the discontinued operation ( <i>HK\$’000</i> )	1,915
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation ( <i>note 8</i> )	<u>1,345,938,948</u>
Earnings per share from the discontinued operation Basic and diluted ( <i>HK cents</i> )	<u><u>0.14</u></u>



## 8. 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.

	For the three months ended 30th June					
	2014			2013		
	Continuing operations (Unaudited)	Discontinued operation (Unaudited)	Total (Unaudited)	Continuing operations (Unaudited) (Restated)	Discontinued operation (Unaudited) (Restated)	Total (Unaudited)
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>160</u>	<u>—</u>	<u>160</u>	<u>(3,497)</u>	<u>1,915</u>	<u>(1,582)</u>
Weighted average number of ordinary shares in issue	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>	<u>1,345,938,948</u>
Basic earnings/(loss) per Share (HK cents)	<u>0.01</u>	<u>—</u>	<u>0.01</u>	<u>(0.26)</u>	<u>0.14</u>	<u>(0.12)</u>

### *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 2014 and 2013 as the Group did not have any potential diluted ordinary shares during the periods ended 30th June 2014 and 2013.

## 9. Dividend

The directors do not recommend the payment of an interim dividend for the three months ended 30th June 2014 (2013: Nil).

## 10. Equity

Movements in equity are as follows:

	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2014	13,459	1,094,029	(114,956)	992,532
Profit for the period	—	—	160	160
Currency translation differences of foreign operations	—	(118)	—	(118)
Total comprehensive income for the period	—	(118)	160	42
Balances at 30th June 2014	<u>13,459</u>	<u>1,093,911</u>	<u>(114,796)</u>	<u>992,574</u>
Balances at 1st April 2013	13,459	1,122,294	(162,106)	973,647
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
Total comprehensive income for the period	—	3,019	(1,582)	1,437
Balances at 30th June 2013	<u>13,459</u>	<u>1,125,313</u>	<u>(163,688)</u>	<u>975,084</u>

## 11. Event after the reporting period

On 13th June 2014, the Group entered into a sale and purchase agreement (the “Transaction”) with Million Land Limited, an independent third party, to acquire its entire interest in Dragon Mining Overseas Limited and its subsidiaries (the “Dragon Group”) for a total consideration of HK\$260,000,000 consist of HK\$140,000,000 cash, HK\$60,000,000 consideration shares and HK\$60,000,000 convertible bonds. The Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisition projects. Details of the Transaction are disclosed in the Company’s announcement and circular dated 13th June 2014 and 24th July 2014, respectively. The Transaction has not been completed as of the date of this announcement. The Group decided to acquire the Dragon Group in order to provide better return and better diversification to shareholders, as it is considered a profitable service business and it offers high growth prospects in its nature of business.

## 12. Comparative Figures

The comparative unaudited consolidated statement of profit or loss has been represented as if the discontinued operation has been discontinued at the beginning of the comparative period (note 7).

## **BUSINESS REVIEW**

For the three months ended 30th June 2014 (the “quarter”), the Group recorded an unaudited consolidated revenue of approximately HK\$258,978,000 versus an unaudited consolidated revenue of approximately HK\$311,771,000 (restated) in the corresponding period last year, representing a decrease of 16.9%. During the quarter, the Group recorded an unaudited consolidated net profit of approximately HK\$160,000, as compared to an unaudited consolidated net loss of approximately HK\$1,582,000 for the corresponding period last year. During the quarter, the Group has only the hi-tech distribution and services division (“division”) and did not record profits from its 40% joint venture of the fishmeal, fish oil and aquatic products division and branded food division since they were disposed of on 19th September 2013 and discontinued on 31st October 2013, respectively. In the corresponding period last year, the branded food division recorded a net profit of approximately HK\$1,915,000 and the Group shared a net profit of approximately HK\$762,000 from joint venture of fishmeal, fish oil and aquatic products division.

During the quarter, the operating expenditures amounted to approximately HK\$34,925,000, representing a decrease of approximately 13.9% from the corresponding period last year. The decrease in operating expenditure was mainly due to the one-off professional expenses incurred in the corresponding period last year in relation to the proposed issuance of convertible preference shares with unlisted warrants under a specific mandate and decrease in selling and distribution expenses which was in line with the decrease in revenue in the quarter.

The unaudited basic earnings per share from the continuing operations in the quarter was approximately HK0.01 cents whereas the Group recorded an unaudited basic loss per share from the continuing operations of approximately HK0.26 cents for the corresponding period last year. Furthermore, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK\$0.737 as at 30th June 2014 and which was same as the preceding quarter as at 31st March 2014.

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

American Tec Company Limited (“American Tec”), is our wholly owned subsidiary, and the leader in Asia in the distribution, sales and service of surface mount technology (“SMT”) equipment, with a history of more than 25 years serving its customers in the hi-technology sector. Our team of more than 235 engineers and customer care staffs 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. (“Fuji”) to offer a comprehensive and competitive SMT solution.

For the three months ended 30th June 2014, the unaudited revenue of American Tec was approximately HK\$258,978,000, representing a decrease of 16.9% from the corresponding period last year. The reasons of decrease in revenue were mainly due to decline in demand from the global key customers, delays in taking delivery of machines ordered by customers and postponement of software project deployment. The division recorded approximately HK\$235,029,000 of direct machine sales, HK\$432,000 of software sales, HK\$20,846,000 of spare parts sales and HK\$2,671,000 of commission and other service income for the quarter, compared with approximately HK\$288,269,000 of direct machines sales, HK\$3,414,000 of software sales, HK\$16,625,000 of spare parts sales and HK\$3,463,000 of commission and other service income in the corresponding period last year.

Despite the decrease in revenue, the gross profit margin of this division was approximately 13.2% during the quarter, representing a 2.1% increase from that of 11.1% for the corresponding period last year. The slight increase in gross profit margin was mainly due to increase in relative proportion of spare part sales which has higher gross profit. During the quarter, the net profit margin of American Tec was 1.6%, which was same as the corresponding period last year. The unaudited net profit of this division was approximately HK\$4,133,000 during the quarter, representing a decrease of 15.6% from the corresponding period last year.

## **CORPORATE DEVELOPMENT**

On 13th June 2014, the Group entered into a sale and purchase agreement with Million Land Limited, an independent third party, to acquire its entire interest in Dragon Mining Overseas Limited and its subsidiaries (“Dragon Group”) for a total consideration of HK\$260,000,000 consist of HK\$140,000,000 cash, HK\$60,000,000 consideration shares and HK\$60,000,000 convertible bonds. The Dragon Group is principally engaged in provision of advisory services in mining exploration, exploitation and valuation for mergers and acquisition projects. In order to provide better return and better diversification to Shareholders, the Group has decided to acquire Dragon Group and considered that it is a profitable service business and it offers high growth prospects in its nature of business. The Group are confident that it will enhance our Group’s earning base and the shareholders’ value. Details are disclosed in the Company’s announcement and circular dated 13th June 2014 and 24th July 2014, respectively.

## **OUTLOOK**

### **Overall Summary**

In the quarter, the Group had entered into a sales and purchase agreement to acquire a mining consulting business. Going forward, the Group will continue to focus on companies and industries possessing ample growth potential, explore future investment opportunities to enhance shareholders’ value together with effectively manage, deploy and apply available cash resources to meet operational and investment needs and for the benefit of our Shareholders as a whole.

## Hi-tech Distribution and Services Division

With increasing popularity and adoption of 4G-LTE enabled devices and the mobile operators increasingly rolling out and expanding 4G-LTE networks, we expect that our customers in our serving regions will have the need to upgrade their manufacturing facilities with more advanced equipment to get ready for the upcoming demand of next generation mobile devices, such as smart phone, tablets and smart wearable devices, etc. Our major partner, Fuji, had launched a new generation of higher efficiency and lower overall cost, pick and place machine, NXTIII. At the same time, our peripheral equipment partners are also introducing better performance and leading edge machines, enhance overall manufacturing competitive and quality. We believe this will continuously stimulate our customers' demand for upgrading their equipment to achieve higher production efficiency and improvement in cost control under current demanding manufacturing environment. With this outlook, we will continue to expand our product offering and service coverage, improve customer satisfaction through enhancement of American Tec's ERP system and CRM system and aim at seizing larger market share. At the same time, we will also closely monitor our working capital, gross profit margin, operating costs and foreign exchange risk closely with a view to protect our cash flow and profitability.

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

As at 30th June 2014, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares and underlying shares 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:

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

Save as disclosed above, as at 30th June 2014, 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 2014, 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*

Name	Capacity	Number of ordinary shares held	Approximate percentage of shareholdings
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 (other than the Directors and chief executive of the Company the interests whose interests were disclosed above) 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 2014.

## 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 2014, no share options have been granted pursuant to the Best Creation Scheme.

## COMPETING INTERESTS

As at 30th June 2014, 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.

## **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 2014.

## **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 the three months ended 30th June 2014, 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 2014 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, 7th August 2014

*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 (being 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).*