

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 2016

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

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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 (collectively, the “Group”) for the three months ended 30th June 2016, together with the comparative unaudited figures of the corresponding period in 2015.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30th June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	3	312,267	428,619
Cost of sales		<u>(269,474)</u>	<u>(374,432)</u>
Gross profit		42,793	54,187
Other income and gains, net		3,564	7,331
Selling and distribution expenses		(21,763)	(25,416)
General and administrative expenses		<u>(20,157)</u>	<u>(22,220)</u>
Operating profit		4,437	13,882
Finance income	4	1,056	698
Finance costs	4	<u>(2,418)</u>	<u>(849)</u>
Profit before income tax		3,075	13,731
Income tax expense	5	<u>(672)</u>	<u>(4,079)</u>
PROFIT FOR THE PERIOD		<u>2,403</u>	<u>9,652</u>
Earnings per share attributable to ordinary shareholders of the Company	6		
Basic (HK cents)		<u>0.13</u>	<u>0.52</u>
Diluted (HK cents)		<u>0.13</u>	<u>0.47</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended	
	30th June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>2,403</u>	<u>9,652</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences:		
Currency translation differences of foreign operations	<u>(323)</u>	<u>(178)</u>
OTHER COMPREHENSIVE INCOME		
FOR THE PERIOD, NET OF TAX OF NIL	<u>(323)</u>	<u>(178)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,080</u>	<u>9,474</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 provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **mining consulting:** provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects;
- **finance leasing:** provision of finance to its customers via a wide array of assets under finance lease arrangements; 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 that of its principal place of business is 18th Floor, Shanghai Commercial Bank Tower, 12 Queen’s Road Central, 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 and authorised for issue by the Company’s board of directors on 5th August 2016.

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 2016.

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 2016, except for the adoption of the following revised standards and interpretations for the first time for the current period's financial information:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated financial information.

3. Revenue

Revenue represents sales of goods, commission and other service income, consulting fee income and finance leasing income. The amounts of each category of revenue recognised during the three months ended 30th June 2016 are as follows:

	For the three months ended	
	30th June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods	307,487	420,640
Commission and other service income	3,556	1,152
Consulting fee income	137	6,827
Finance leasing income	1,087	—
	312,267	428,619

4. Finance income and costs

An analysis of finance income and costs is as follows:

	For the three months ended 30th June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	277	339
Interest income from note receivable	—	117
Interest in discounted amounts arising from the passage of time	—	242
Interest income from held-to-maturity investments	779	—
	<u>1,056</u>	<u>698</u>
Finance costs:		
Interest on bank loans	11	510
Amortisation of liability component of convertible bond	321	314
Net foreign exchange losses on financing activities	2,086	25
	<u>2,418</u>	<u>849</u>

5. Income tax expense

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in Mainland China are subject to the Mainland China corporate income tax at the standard rate of 25% (2015: 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 recorded in the unaudited condensed consolidated statement of profit or loss represent:

	For the three months ended 30th June	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	512	2,097
Mainland China corporate income tax		
— current period	160	32
Overseas taxation		
— current period	—	1,950
	<u>672</u>	<u>4,079</u>

6. Earnings per share

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

No adjustment has been made to the basic earnings per share amount presented for the three months ended 30th June 2016 in respect of a dilution as the impact of the convertible bond outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The diluted earnings per share amounts for the three months ended 30th June 2015 was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond was assumed to have been converted into ordinary shares, and the profit for the three months ended 30th June 2015 was adjusted to reflect the interest expense on convertible bond less tax effect, if any.

	For the three months ended 30th June 2015
	<i>HK\$'000</i>
	(Unaudited)
Earnings	
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation	9,652
Interest on convertible bond	<u>314</u>
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation	<u><u>9,966</u></u>

**For the
three months
ended
30th June
2015**
(Unaudited)

Shares

Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	1,868,843,398
Effect of dilution — weighted average number of ordinary shares:	
Convertible bond	<u>240,000,000</u>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	<u><u>2,108,843,398</u></u>

7. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2016.

8. Equity

Movements in unaudited consolidated equity are as follows:

	Share capital <i>HK\$'000</i>	(Unaudited) Other reserves <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2016	19,150	1,155,915	(360,733)	814,332
Profit for the period	—	—	2,403	2,403
Currency translation differences of foreign operations	<u>—</u>	<u>(323)</u>	<u>—</u>	<u>(323)</u>
Total comprehensive income for the period	<u>—</u>	<u>(323)</u>	<u>2,403</u>	<u>2,080</u>
Balances at 30th June 2016	<u><u>19,150</u></u>	<u><u>1,155,592</u></u>	<u><u>(358,330)</u></u>	<u><u>816,412</u></u>

	(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 2015	16,150	1,129,598	(89,403)	1,056,345
Profit for the period	—	—	9,652	9,652
Currency translation differences of foreign operations	—	(178)	—	(178)
Total comprehensive income for the period	—	(178)	9,652	9,474
Issue of shares (<i>note</i>)	3,000	27,168	—	30,168
Balances at 30th June 2015	<u>19,150</u>	<u>1,156,588</u>	<u>(79,751)</u>	<u>1,095,987</u>

Note:

On 15th April 2015, the Company issued 300,000,000 new ordinary Shares to Ms. Lu Ying, holder of the convertible bond, at a placing price of HK\$0.105 per placing share, pursuant to the placing agreement which the Company entered into on 30th March 2015 with the placing agent to place new shares on a best effort basis. The placement transaction costs included legal fees and other professional fees of approximately HK\$1,332,000. The placing of shares had resulted in the increase of share capital and share premium by HK\$3,000,000 and HK\$27,168,000 respectively.

BUSINESS REVIEW

Financial and Business Performance

For the three months ended 30th June 2016 (the “quarter”), the Group recorded an unaudited consolidated revenue of approximately HK\$312,267,000 versus an unaudited consolidated revenue of approximately HK\$428,619,000 in the corresponding period last year, representing a decrease of 27%. The decrease in revenue was mainly because our Hi-tech distribution and service division had secured two individual significant orders in the corresponding period last year.

During the quarter, the Group recorded an unaudited consolidated net profit of approximately HK\$2,403,000, which was decreased by 75% from approximately HK\$9,652,000 in the corresponding period last year. The year on year decrease in net profit was mainly because our mining consulting division had recorded a net loss of HK\$952,000 for the quarter while a net profit of HK\$3,953,000 was recorded in the corresponding period last year. Furthermore, the net profit of our Hi-tech distribution and services division was also decreased by 7% from HK\$10,347,000 in the corresponding period last year to HK\$9,583,000 in the quarter.

During the quarter, the Group’s operating expenditures amounted to approximately HK\$41,920,000, representing a decrease of 12% from approximately HK\$47,636,000 in the corresponding period last year. The decrease were mainly because the operation of the mining consulting division was scaled down following the suspension of its mining projects and staff commission incurred by our Hi-tech distribution and services division was reduced by approximately HK\$3,771,000 from the corresponding period last year, which was in line with the decrease in revenue.

The unaudited basic earnings per share in the quarter was approximately HK0.13 cents, representing a decrease of 75% from approximately HK0.52 cents in the corresponding period last year. At 30th June 2016, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK\$0.43, which was similar to approximately HK\$0.43 as at 31st March 2016.

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

Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited (“American Tec”). American Tec is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 30 years serving its customers in the hi-technology sector. American Tec’s team of more than 270 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India.

Customers include most of the major telecom and electronic equipment manufacturers in the world. American Tec is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the quarter, the unaudited revenue of the division was approximately HK\$311,043,000, representing a decrease of about 26% from approximately HK\$421,792,000 in the corresponding period last year. During the quarter, the division's direct machine sales were approximately HK\$286,970,000, decreased by 29% from approximately HK\$406,258,000 in the corresponding period last year, mainly due to a significant jump in revenue from two individual significant orders coupled with a slowdown of the electronics manufacturing market and more cautious investment in the mobile phone manufacturing sector as demand flattens out. However, the software sales had achieved a significant growth of 2,522% from corresponding period last year's approximately HK\$182,000 to approximately HK\$4,772,000 in the quarter, mainly due to growing orders from our software solutions and the progressive deployment and delivery of the software projects. Spare parts sales were approximately HK\$15,745,000 and commission and other service income was approximately HK\$3,556,000, slightly increased from approximately HK\$14,200,000 and approximately HK\$1,152,000 respectively in corresponding period last year.

The management has continued to keep the overall operational cost in control and align with the level of business activities. Accordingly, American Tec has managed to achieve an unaudited net profit of approximately HK\$9,583,000 for the quarter, slightly decreased by 7% from approximately HK\$10,347,000 in the corresponding period of last year.

Financial Leasing Division

The Group conducts its financial leasing business through its wholly-owned subsidiary, North Asia Financial Leasing (Shanghai) Co., Ltd. ("NAFL") in China (Shanghai) Pilot Free Trade Zone. The division commenced its financial leasing business from the mid of July 2015. The aggregate principal amount of finance lease loans as at 30th June 2016 was approximately HK\$94,260,000. NAFL mainly provides finance lease to customers of the Group's Hi-tech Distribution and Services Division and a project involving the computer numerical control ("CNC") machinery. During the quarter, the division generated a revenue from finance lease interest income of approximately HK\$1,087,000 and recorded a net loss of HK\$818,000.

Mining Consulting Division

The Group conducts its mining consulting business through its wholly-owned subsidiary, Dragon Mining Consulting Limited ("Dragon Group"). Dragon Group is principally engaged in providing mining technical services and valuation advisory services for mining projects in various stages. The Dragon Group's mining technical services includes operation management, exploration management, geological and technical field services, exploration auditing, resource modelling and estimation, and other related technical services.

During the quarter, the unaudited revenue of the division was decreased by 98% to approximately HK\$137,000 from an unaudited revenue approximately HK\$6,827,000 in the corresponding period last year. The significant decrease in revenue was mainly because the division had shifted from emphasis on mining technical services to valuation services in previous year. The revenue during the quarter comprises only revenue from valuation advisory services and Environmental Social and Governance (“ESG”) reporting services. The division incurred an unaudited net loss of approximately HK\$952,000 during the quarter, as compared to an unaudited net profit approximately HK\$3,953,000 in the corresponding period last year. The change from a net profit in the corresponding period last year to a net loss in the quarter was mainly because no profit was contributed from mining technical services during the quarter following the termination of a gold exploration management project in Kazakhstan and a copper-gold polymetallic project in Indonesia in last year.

Corporate Development

On 5th April 2016, the Company announced that it has been informed by Mr. Ding Yi, a former Director and substantial shareholder of the Company, and Ms. Lu Ying, a substantial shareholder of the Company, that after Mr. Ding had resigned the Company’s as executive director and Chairman on 31st March 2016, Mr. Ding sold 400,000,000 ordinary shares in the Company to Ms. Lu for a cash consideration of HK\$30,000,000, at HK\$0.075 per Share (the “Transaction”). Immediately after the completion of the Transaction, Ms. Lu held 969,058,296 Shares, or approximately 50.60% in the total number of Shares in issue. As a result of the Transaction, Ms. Lu had increased her voting rights in the Company to more than 30% and it had triggered an obligation by Ms. Lu to make an unconditional mandatory cash offer (the “Offer”) under Rule 26 of The Codes on Takeovers and Mergers and Share Repurchases for all the ordinary shares of the Company. Details of the Transaction and the Offer are disclosed in the Company’s announcement dated 5th April 2016, joint announcement dated 18th April 2016 and the Company’s composite document dated 20th May 2016.

On 10th June 2016, the Company announced that immediately after the close of the Offer and taking into account the valid acceptances in respect of 47,818,132 ordinary shares of the Company, Ms. Lu and parties acting in concert with her were interested in an aggregate of 1,016,876,428 shares, representing approximately 53.1% of the total number of ordinary shares of the Company in issue.

Use of Proceeds from Placing

On 15th April 2015, 300,000,000 ordinary shares were issued at a placing price of HK\$0.105 per share to Ms. Lu Ying through a placing agent on a best effort basis. The placing proceeds net of relevant expenses including the placing commission amounted to approximately HK\$30 million. The Group has fully utilised the amount of the net proceeds in staff cost, rental and other office expenses till the end of the quarters.

OUTLOOK

Overall Summary

Market environment for the forthcoming quarter is expected to remain challenging for all business divisions of the Group. However, the management is confident in the prospects of the Hi-tech Distribution and Services Division with the launch of “Industry 4.0” initiative, coupled with the advocacy of the Chinese government in the “Smart Manufacturing 2025” project. Our focus will be to continue to manage cash, costs and risks and, to build our strength during this turbulent time by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

Electronics production has been well below average for at least the last two years. This is a result of decelerating growth in consumer spending on electronics. Smartphone growth is slowing due to increasing penetration maturity in major markets like China and consumer caution about the future of the world economy. On the other hand, the highly competitive market has also seen some local China players such as Huawei, OPPO, VIVO and Meizu bucking the downward trend by increasing their market share at the expense of leading brands such as Samsung, Apple and LG. Also, the sluggish markets for personal computers and tablets continue to spiral downward as more users delay replacement purchases. Worldwide shipments of PCs and tablets fell by about 10% on an annual basis in the final quarter of 2015 and remain declining in the near future.

Despite a slow start to the year, business confidence among entrepreneurs in China has picked up for the first time in more than two years in the second quarter of 2016. We will continue to invest and expedite our automation and software offerings and strive to work closer with our partners to come up with more competitive and innovative solutions. At the same time, we will continue to invest in our service and support infrastructure and systems so as to attain total customer satisfaction and customer retention.

Mining Consulting Division

Global demand of various commodities remains weak, leading to low commodity prices, particularly metal prices in the short to medium term. Given the strength of US dollar, the expected increase in US interest rate and dim outlook of the commodities and mining industry, availability of exploration funding to mining companies may continue to be limited such that the mining consulting division will be adversely and inevitably affected. In view of this, Dragon Group will endeavor to explore the business of providing valuation services and ESG reporting services to listed companies in Hong Kong for disclosure purpose. Dragon Group will continue to explore new business opportunities of providing mining technical services in different regions of Asia, in particular, those countries covered by the “One-Belt-One-Road” (OBOR) Policy recently initiated by the PRC government.

Finance Lease Division

We expect our leasing company can capture the opportunities offered by the upgrading in manufacturing industry and launching of “Industry 4.0” initiative in China. Leveraging on the Company’s financing platform in Hong Kong and extensive industry experience especially the high-tech manufacturing industries, the Group’s finance lease division will continue to seek opportunities to provide financial leasing service in China with a view to generate a new source of revenue from financial leasing and related services. The finance lease division can also offer finance lease options to customers of our Hi-tech Distribution and Services Division to suit their financial needs.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2016, 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.

OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30th June 2016, 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) had interests or short positions in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the shares and/or underlying shares of the Company

Name of Shareholders/ Convertible Bondholder	Capacity	Number of ordinary shares held	Number of underlying share held	Approximate percentage of shareholdings <i>(Note b)</i>
Lu Ying	Beneficial owner	1,016,876,428	240,000,000 <i>(Note a)</i>	53.1%
C.L Davids Fond og Samling	Beneficial owner	106,178,010	—	5.54%

Notes:

- a. These underlying shares arise from the convertible bond (the “Convertible Bond”) in the aggregate amount of HK\$60 million which upon full conversion will result in an issuance of 240,000,000 conversion shares at the initial conversion price of HK\$0.25 (subject to adjustment).*
- b. The above approximate percentages of shareholdings are based on 1,914,997,244 ordinary shares in issue as at 30th June 2016, not on the total number of issued shares upon full conversion of the Convertible Bond.*

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company) who has any interests or short positions 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 2016.

SHARE OPTION SCHEME

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 30th June 2016, no share options have been granted by the Company pursuant to the 2014 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 2016, no share options have been granted pursuant to the Best Creation Scheme.

COMPETING INTERESTS

As at 30th June 2016, 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.

PURCHASE, 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 2016.

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 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 2016, 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 decision are implemented under the leadership of the Chairlady 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 caliber individuals.

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 2016 of the Company now reported on have been reviewed by the audit committee.

By Order of the Board
North Asia Strategic Holdings Limited
Zhang Yifan
Chairlady and Executive Director

Hong Kong, 5th August 2016

As at the date of this announcement, the Board comprises Ms. Zhang Yifan (Chairlady and Executive Director) and Mr. Pierre Tsui Kwong Ming (Executive Director); Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Mr. Kenneth Kon Hiu King (being Independent Non-executive Directors).

This announcement will remain on the GEM website at 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.