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 2017

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 2017, together with the comparative unaudited figures of the corresponding period in 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the three months ended 30th June **2017** ***HK$'000*** **(Unaudited)**	 2016 *HK$'000* (Unaudited) (Restated)
Continuing operations			
Revenue	*3*	**400,625**	312,130
Cost of sales		**(328,528)**	(269,427)
Gross profit		**72,097**	42,703
Other income and gains, net		**509**	3,564
Selling and distribution expenses		**(32,400)**	(21,763)
General and administrative expenses		**(19,625)**	(19,142)
Operating profit		**20,581**	5,362
Finance income	*4*	**2,060**	1,056
Finance costs	*4*	**(362)**	(2,418)
Profit before income tax from continuing operations		**22,279**	4,000
Income tax expense	*5*	**(4,253)**	(672)
Profit for the period from continuing operations		**18,026**	3,328
Discontinued operation			
Loss for the period from a discontinued operation	*6*	**—**	(925)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**18,026**	2,403
Earnings per share attributable to ordinary shareholders of the Company	*7*		
Basic			
— For profit for the period (HK cents)		**0.94**	0.13
— For profit for the period from continuing operations (HK cents)		**0.94**	0.17
Diluted			
— For profit for the period (HK cents)		**0.85**	0.13
— For profit for the period from continuing operations (HK cents)		**0.85**	0.17

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**18,026**	2,403
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	**(895)**	(323)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	**(895)**	(323)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**17,131**	2,080

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;

- **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 8th August 2017.

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 2017.

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 2017, except for the adoption of the following revised standards and interpretations for the first time for the current period's financial information:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Annual Improvements 2014-2016 Cycle	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 sale of goods, commission and other service income and finance leasing income. The amounts of each category of revenue recognised during the period from continuing operations are as follows:

	For the three months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (Restated)
Sale of goods	**374,460**	307,487
Commission and other service income	**21,169**	3,556
Finance leasing income	**4,996**	1,087
	400,625	312,130

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	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	**726**	277
Interest income from held-to-maturity investments	**542**	779
Net foreign exchange gains on financing activities	**792**	—
	2,060	1,056
Finance costs:		
Interest on bank loans	**35**	11
Amortisation of the liability component of a convertible bond	**327**	321
Net foreign exchange losses on financing activities	**—**	2,086
	362	2,418

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% (2016: 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% (2016: 25%).

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

	For the three months ended 30th June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	**4,218**	512
Mainland China corporate income tax		
— current period	**35**	160
	4,253	672

6. Discontinued operation

On 4th November 2016, the Company entered into a sale and purchase agreement to dispose of its entire interests in Dragon Mining Overseas Limited and its subsidiaries (the "Dragon Group") and assign a loan from the Company to Mr. Leung Kar Fai, a director of a subsidiary of Dragon Mining Overseas Limited, who was not a connected person of the Company as defined under the GEM Listing Rules. The consideration was HK$1. The Dragon Group was engaging in provision of advisory services in mining exploration, exploitation and valuation services for mergers and acquisitions projects. The disposal of the Dragon Group was because the Group had streamlined its businesses and focus on the operation of hi-tech distribution and services division and financing leasing division.

Upon the disposal of the Dragon Group on 4th November 2016, the results from the Dragon Group were no longer included in the Group's results.

The unaudited consolidated results of the Dragon Group for the three months ended 30th June 2016 are set out as below:

	For the three months ended 30th June 2016 *HK$'000*
Revenue	137
Cost of sales	(47)
Gross profit from a discontinued operation	90
General and administrative expenses	(1,015)
Loss before income tax from a discontinued operation	(925)
Income tax expense	—
Loss for the period from a discontinued operation	(925)

7. Earnings per share

Basic earnings/(loss) 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.

Diluted earnings per share amount for the three months ended 30th June 2017 is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The convertible bond (the "Convertible Bond") is assumed to have been converted into ordinary shares, and the profit for the three months ended 30th June 2017 is adjusted to exclude the interest expense on the Convertible Bond less tax effect, if any.

No adjustment has been made to the basic earnings/(loss) 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/(loss) per share amounts presented.

The calculation of basic and diluted earnings per share amount are based on:

	Continuing operations (Unaudited)	2017 Discontinued operation (Unaudited)	Total (Unaudited)
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation *(HK$'000)*	**18,026**	—	**18,026**
Interest on convertible bond *(HK$'000)*	**327**	—	**327**
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation *(HK$'000)*	**18,353**	—	**18,353**
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	**1,914,997,244**	—	**1,914,997,244**
Effect of dilution — weighted average number of ordinary shares: Convertible Bond	**240,000,000**	—	**240,000,000**
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	**2,154,997,244**	—	**2,154,997,244**

	Continuing operations (Unaudited) (Restated)	2016 Discontinued operation (Unaudited) (Restated)	Total (Unaudited)
Profit/(loss) attributable to shareholders of the Company *(HK$'000)*	3,328	(925)	2,403
Weighted average number of ordinary shares in issue	1,914,997,244	1,914,997,244	1,914,997,244

8. Dividends

On 8th June 2017, the Board declared a special dividend of HK$0.06 per ordinary share, approximately HK$114,900,000 in aggregate. This special dividend has been paid on 10th July 2017.

Apart from the above, the Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2017.

9. Equity

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital	**Other reserves**	**Accumulated losses**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Balances at 1st April 2017	**19,150**	**1,154,170**	**(330,112)**	**843,208**
Profit for the period	**—**	**—**	**18,026**	**18,026**
Currency translation differences of foreign operations	**—**	**(895)**	**—**	**(895)**
Total comprehensive income for the period	**—**	**(895)**	**18,026**	**17,131**
Special dividend *(note 8)*	**—**	**(114,900)**	**—**	**(114,900)**
Balances at 30th June 2017	**19,150**	**1,038,375**	**(312,086)**	**745,439**

	(Unaudited)			
	Share capital	Other reserves	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
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	—	(323)	—	(323)
Total comprehensive income for the period	—	(323)	2,403	2,080
Balances at 30th June 2016	19,150	1,155,592	(358,330)	816,412

10. Subsequent event

On 10th July 2017, the conversion price of the Convertible Bond was adjusted from HK$0.25 to HK$0.074 upon the payment of special dividend by the Company on the same date.

On 13th July, 2017, pursuant to an exercise of conversion rights by the Convertible Bondholder in respect of the Convertible Bond in principal amount of HK$60,000,000, the Company had issued and allotted 810,810,810 conversion shares, representing 42.34% of existing number of issued shares before the relevant share issue.

11. Comparative amounts

The comparative unaudited condensed consolidated statement of profit or loss has been re-presented as if the discontinued operation has been discontinued at the beginning of the comparative period (note 6).

BUSINESS REVIEW

Financial and Business Performance

For the three months ended 30th June 2017 (the "quarter"), the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK$400,625,000, representing an increase of 28.4% from approximately HK$312,130,000 (restated) in the corresponding period last year. The increase in revenue was mainly because of continued strong demand for SMT equipment from our existing customers of the hi-tech distribution and service division, mainly driven by manufacture of smartphone, network and communication and automotive electronics and wearable devices, etc. In addition, the finance lease division had continued to grow significantly that its revenue was increased by 359.6% to HK$4,996,000 from HK$1,087,000 in the corresponding period last year.

During the quarter, the Group recorded an unaudited consolidated net profit of approximately HK$18,026,000, representing an increase of 650.1% from approximately HK$2,403,000 in the corresponding period last year. The increase in net profit was mainly due to 105.2% year on year increase in net profit from our hi-tech distribution and service division. During the quarter, this division had improved its gross profit margin associated with an increase from the commission sales, and repeated orders from the existing customers, which continued to upgrade their manufacturing capacity. In addition, the finance leasing division recorded a net profit of approximately HK$3,067,000 contrary to a net loss of approximately HK$818,000 in the corresponding period last year.

During the quarter, the Group's operating expenditures amounted to approximately HK$52,025,000, representing an increase of 27.2% from approximately HK$40,905,000 (restated) in the corresponding period last year. The increase in the operating expenditures was mainly due to increase in selling and distribution expenses which were increased in line with revenue.

The unaudited basic earnings per share in the quarter was approximately HK0.94 cents, representing an increase of 623.1% from approximately HK0.13 cents in the corresponding period last year. As at 30th June 2017, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK$0.39, which was decreased by HK$0.05 from approximately HK$0.44 as at 31st March 2017, mainly due to a special dividend of HK$0.06 per ordinary share which was declared on 8th June 2017.

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 sales and 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, automation solutions 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 230 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$395,629,000, representing an increase of about 27.2% from approximately HK$311,043,000 in the corresponding period last year. The reason of increase was mainly due to continued strong demand for SMT equipment from our existing customers both in the telecommunication and industrial market segments. During the quarter, the division's direct machine sales was approximately HK$356,778,000, representing an increase of 24.3% from approximately HK$286,970,000 in the corresponding period last year. The increase was mainly due to multiple big orders received from our long-term customers and continued investment in the mobile phone manufacturing segment. The division recorded approximately HK$21,169,000 in commission and other service income, representing an increase of 496.1% from approximately HK$3,551,000 in the corresponding period last year. Significant increase in commission and other service income was mainly due to new production lines purchased by one of our local key customers, and the equipment was for the production of smartphone camera. However, spare parts sales were approximately HK$14,204,000 and software sales were approximately HK$3,478,000, slightly decreased from approximately HK$15,745,000 and approximately HK$4,772,000 respectively in corresponding period last year.

The management has taken various measures to maintain operating cost efficiency, margin management which has help to achieve continuing success in profitability, and our continued success with new customer development had also contributed significantly to the results achieved. During the quarter, the division recorded a net profit of approximately HK$19,656,000, increased by 105.1% from approximately HK$9,583,000 in the corresponding period last year.

Finance Leasing Division

The Group conducts its finance 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 finance leasing business from the mid of July 2015. NAFL mainly provides finance lease to customers of the Group's hi-tech distribution and services division and projects involving the computer numerical control ("CNC") machinery and semi-conductor.

During the quarter, the division generated a revenue from finance lease interest income of approximately HK$4,996,000, representing an increase of 359.6% from approximately HK$1,087,000 in the corresponding period last year and recorded a net profit of approximately HK$3,067,000 as compared to a net loss of HK$818,000 in last year. As at 30th June 2017, the aggregate principal amount of finance lease loans was HK$225,209,000 representing an increase by 138.9% from HK$94,260,000 as at 30th June 2016.

OUTLOOK

Overall Summary

The management is confident in the prospects in both of the hi-tech distribution and services division and the finance leasing 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

China's electronics exports rebounded to an annual growth rate of 12.5 percent in the first five months of 2017, compared with a 3.6 percent fall a year earlier (as reported by the Ministry of Industry and Information Technology of the People's Republic of China). China produced 564 million smartphones in the first five months of 2017, representing a 7.5 percent growth year on year. Huawei, Oppo and Vivo have become top five global smartphone vendors behind Samsung and Apple. They have also expanded overseas, which boosted manufacturing and exports. Other products such as personal computer and TV also maintained "steady" growth in the period. The integrated circuit sector soared 25.1 percent from a year earlier.

The manufacture of consumer electronics such as smartphones and TVs maintained steady growth while production of integrated circuits surged more than 25 percent (Ministry of Industry and Information Technology of the People's Republic of China). On this background, the demand for SMT equipment had also reached a record high for the first five months of 2017 (as published by the China's customs report) with total of 4,760 units imported into China, representing an increase of 40 percent from 3,382 units in the same period last year. With the traditional manufacturing peak season continuing till September to October and the expected announcement of more new products (mobile phone and mobile devices) launching in the second half of the year, we do anticipate the need for more manufacturing capacity in the coming quarter.

As production for new iPhone is expected to begin in third-quarter of 2017 and many Android smartphone vendors will also launch new models in second-half of 2017, demand for handset components will increase significantly, which may result in shortages. Smartphone vendors in China have been building up their inventories of handset parts recently in preparation of the launch of new models, while inventory levels at channels are also low at present due to continued adjustments than the past two quarters. According to data from the International Data Corporation (IDC), global smart wearable devices shipments will be increased by 20.4% from 104.3 million units in 2016 to 125.5 million units in 2017. As the wearables market transforms, total shipment volumes are expected to maintain their forward momentum.

With above background in mind and the increasing awareness by the industry to move from traditional manufacturing to smart/intelligent production, we will continue to invest and expedite our automation offerings as well as integrated solutions. We will also strive to work closer with our partners to come up with more competitive and innovative solutions. We will continue to invest in our service and support infrastructure and systems so as to attain total customer satisfaction and customer retention. At the same time, we will also closely monitor our working capital, gross profit margin, operating cost and industry developments with a view to maintain our cash flow and profitability, as well as the long term sustainability and growth of our business.

Finance Leasing Division

China's finance leasing business grew at a faster pace in the first quarter of the year 2017. According to "China's financial leasing industry development report in the first quarter of 2017" (China Leasing Blue Book — released by China Leasing Union and Tianjin Binhai Financial Leasing Research Institute), the number of finance lease companies in China wholly owned by foreign enterprise was increased from 6,872 companies to 7,346 companies and the principal loan amount was increased by 3.7% to RMB1,730 billion as at 31st March 2017. The finance leasing industry had played an important role in optimization, transformation and upgrading of China's electronic manufacturing industry.

We expect that our finance leasing division can capture the opportunities offered by the emerging demand in upgrading of manufacturing industry and launching of "Industry 4.0" initiative in China. Leveraging on the Group's financing platform in Hong Kong and extensive industry experience especially the high-tech manufacturing industries, the Group's finance leasing division will continue to provide finance leasing options to customers of our hi-tech distribution and services division to suit their financial needs and seek opportunities to provide finance leasing and related services to other customers in the manufacturing industry in China with a view to generate a new source of revenue.

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

As at 30th June 2017, 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 2017, 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 shares held**	**Approximate percentage of holding of shares and underlying shares held** *(Note b)*
Lu Ying	Beneficial owner	1,016,876,428	240,000,000 *(Note a)*	65.63%
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).*

The conversion price of the Convertible Bond was subsequently adjusted from HK$0.25 to HK$0.074 upon the payment of special dividend by the Company on 10th July 2017, which constituted a capital distribution as defined in the instrument constituting the Convertible Bond, and the Convertible Bondholder had converted full amount of the Convertible Bond into 810,810,810 shares on 13th July 2017.

b. *The above approximate percentages of shareholdings are based on 1,914,997,244 ordinary shares in issue as at 30th June 2017, 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 2017.

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 2017, no share options have been granted by the Company pursuant to the 2014 Scheme.

COMPETING INTERESTS

As at 30th June 2017, 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 2017.

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 2017, 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 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 calibre 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, risk management 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 2017 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, 8th August 2017

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.