

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 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

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

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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 GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* For identification purpose only

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 2018, together with the comparative unaudited figures of the corresponding period in 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the three months ended 30th June	
		2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Revenue	3	701,513	400,625
Cost of sales		(598,139)	(328,528)
Gross profit		103,374	72,097
Other income and gains, net		381	509
Selling and distribution expenses		(40,610)	(32,400)
General and administrative expenses		(27,455)	(19,625)
Operating profit		35,690	20,581
Finance income	4	305	2,060
Finance costs	4	(3)	(362)
Profit before income tax		35,992	22,279
Income tax expense	5	(7,230)	(4,253)
PROFIT FOR THE PERIOD		<u>28,762</u>	<u>18,026</u>
Earnings per share attributable to ordinary shareholders of the Company	6		
Basic (<i>HK cents</i>)		<u>1.06</u>	<u>0.94</u>
			(Restated)
Diluted (<i>HK cents</i>)		<u>1.05</u>	<u>0.67</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 30th June	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>28,762</u>	<u>18,026</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Currency translation differences of foreign operations	<u>(7,594)</u>	<u>(895)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>(7,594)</u>	<u>(895)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>21,168</u></u>	<u><u>17,131</u></u>

Notes:

1. General information

The Group is principally engaged in the following businesses:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **leasing:** provision of finance to its customers via a wide array of assets under finance lease arrangements and operating 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 GEM 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 7th August 2018.

2. Basis of preparation

This announcement has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM 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 2018.

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 consolidated financial statements for the year ended 31st March 2018, 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 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to HKFRS 1 and HKAS 28</i>

Except for HKFRS 15 *Revenue from Contracts with Customers*, which nature and effect of the adoption are disclosed as below, the adoption of the above revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated financial information.

HKFRS 15 Revenue from contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption and has recognised the cumulative effect of initial application as an adjustment to the opening balance of accumulated losses at 1st April 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. The Group has applied the new requirements to all contracts as if the Group had applied HKFRS 15 to them since inception.

The following table summarises the impact of transition to HKFRS 15 on accumulated losses and related tax impact at 1st April 2018:

HK\$'000

Accumulated losses as at 1st April 2018

As previously reported	(221,901)
Later revenue recognition under HKFRS 15	(245,386)
Respective cost of sales	220,985
Related selling and distribution expenses	2,978
Related tax	<u>6,323</u>
 As restated	 <u><u>(237,001)</u></u>

The Group's principal activities consist of the sale of machinery and the provision of finance leasing and operating lease arrangements. The Group provides installation services for the sale of machinery. Previously, installation services are bundled together with the sale of machinery, as such, revenue from the sale of machinery is recognised when significant risks and rewards of ownership of goods have been passed to customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group has assessed that the installation services bundled together with the sale of machinery are not distinct and are considered as one single performance obligations under HKFRS 15 because the installation service is highly interrelated with the sale of machinery and providing them into a functional machinery that the customer contracted to receive. Accordingly, the Group determined that revenue from the sale of machinery with installation services is recognised when the respective installation services are completed under HKFRS 15.

As a result of this change in accounting policy, the Group had made adjustments to opening balances at 1st April 2018 which increase accumulated losses by HK\$15,100,000.

The amount by each financial statements line items affected in the current period by the application of HKFRS 15 as compared to HKAS 11 and HKAS 18 that were previously in effect before the adoption of HKFRS 15 is as follows:

	Three months ended 30th June 2018		
	Results without adoption of HKFRS 15 <i>HK\$'000</i>	Effects of adoption of HKFRS 15 <i>HK\$'000</i>	Results as reported <i>HK\$'000</i>
Unaudited condensed consolidated statement of profit or loss (extract)			
Revenue	631,738	69,775	701,513
Cost of sales	(527,752)	(70,387)	(598,139)
Selling and distribution expenses	(40,554)	(56)	(40,610)
Income tax expenses	(7,948)	718	(7,230)
Profit for the period	<u>28,712</u>	<u>50</u>	<u>28,762</u>

3. Revenue

Revenue represents sale of goods, commission and other service income and income from leasing arrangements. Set out below is the disaggregation of the Group's revenue:

	For the three months ended 30th June	
	2018 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Recognised at a point in time:		
Sale of goods	673,196	374,460
Commission and other service income	16,933	21,169
Revenue from other source		
Income from leasing arrangements	<u>11,384</u>	<u>4,996</u>
	<u>701,513</u>	<u>400,625</u>
Disaggregated by geographical location of customers		
The PRC including Hong Kong	692,020	393,816
Asia — others	<u>9,493</u>	<u>6,809</u>
	<u>701,513</u>	<u>400,625</u>

4. Finance income and costs

An analysis of finance income and costs is as follows:

	For the three months ended 30th June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	305	726
Interest income from held-to-maturity investments	—	542
Net foreign exchange gains on financing activities	—	792
	<u>305</u>	<u>2,060</u>
Finance costs:		
Interest on bank loans	3	35
Amortisation of the liability component of a convertible bond	—	327
	<u>3</u>	<u>362</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% (2017: 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% (2017: 25%). For the period ended 30th June 2018, NAS American Tec (Shenzhen) Co. Limited*, a subsidiary of the Company, was entitled to a preferential tax rate of 15% as it is recognised as a high technology enterprise.

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	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current taxation		
Hong Kong profits tax		
— current period	2,927	4,218
Mainland China corporate income tax		
— current period	4,303	35
	<u>7,230</u>	<u>4,253</u>

* For identification purpose only

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.

Diluted earnings per share amount is calculated by adjusting the weighted average number of ordinary shares outstanding assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, and the profit for the period was adjusted to exclude the interest expense on convertible bond less tax effect, if any.

On 13th July 2017, the conversion price of the convertible bond was adjusted from HK\$0.25 to HK\$0.074 upon the payment of a special dividend by the Company on the same date which, according to the instrument constituting the convertible bond, constituted a Capital Distribution (as defined in the instrument) as it was not paid out of the retained profits for the financial periods after 31st March 2013. A retrospective adjustment on the number of potential ordinary shares to be issued from the convertible bond was made.

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

	For the three months ended 30th June	
	2018	2017
	(Unaudited)	(Unaudited) (Restated)
Earnings		
Profit attributable to shareholders of the Company, used in the basic earnings per share calculation (<i>HK\$'000</i>)	28,762	18,026
Interest on convertible bond (<i>HK\$'000</i>)	—	327
	<hr/>	<hr/>
Profit attributable to shareholders of the Company, used in the diluted earnings per share calculation (<i>HK\$'000</i>)	28,762	18,353
	<hr/> <hr/>	<hr/> <hr/>
Shares		
Weighted average number of ordinary shares in issue, used in the basic earnings per share calculation	2,725,808,054	1,914,997,244
Effect of dilution — weighted average number of ordinary shares:		
Convertible bond	—	810,810,810
Assumed issue of no consideration on deemed exercise of all share options outstanding during the period	3,924,461	—
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue, used in the diluted earnings per share calculation	2,729,732,515	2,725,808,054
	<hr/> <hr/>	<hr/> <hr/>

7. Dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2018 (2017: Nil).

8. Equity

Movements in unaudited consolidated 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 2018	27,258	1,121,483	(221,901)	926,840
Adjustment on adoption of HKFRS 15, net of tax	—	—	(15,100)	(15,100)
Restated balances of 1st April 2018	27,258	1,121,483	(237,001)	911,740
Profit for the period	—	—	28,762	28,762
Currency translation differences of foreign operations	—	(7,594)	—	(7,594)
Total comprehensive income for the period	—	(7,594)	28,762	21,168
Balances at 30th June 2018	<u>27,258</u>	<u>1,113,889</u>	<u>(208,239)</u>	<u>932,908</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 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	—	(114,900)	—	(114,900)
Balances at 30th June 2017	<u>19,150</u>	<u>1,038,375</u>	<u>(312,086)</u>	<u>745,439</u>

BUSINESS REVIEW

Financial and Business Performance

For the three months ended 30th June 2018 (the “quarter”), the Group recorded an unaudited consolidated revenue of approximately HK\$701,513,000, representing a 75.1% growth from approximately HK\$400,625,000 in the corresponding period last year. During the quarter, the revenue from the hi-tech distribution and services division and the leasing division was increased by 74.4% and 127.9% respectively compared with the corresponding period last year. Both divisions’ revenue were boosted by the strong demand in SMT equipment from our long-term customers and new customers engaging in the manufacture of smartphone, network and communication and automotive electronics and wearable devices, etc..

During the quarter, the Group’s operating expenditures amounted to approximately HK\$68,065,000, representing an increase of 30.8% from approximately HK\$52,025,000 in the corresponding period last year. The increase in operating expenditures was mainly due to an increase in selling and distribution expenses which were increased in line with revenue. With the continuous effort on cost control, the Group recorded an unaudited consolidated net profit of approximately HK\$28,762,000, representing an increase of 59.6% from HK\$18,026,000 in the corresponding period last year.

Furthermore, the unaudited basic earnings per share in the quarter was approximately HK1.06 cents, representing an increase of 12.8% from approximately HK0.94 cents in the corresponding period last year. As at 30th June 2018, the unaudited consolidated net asset value of the Company per ordinary share was approximately HK\$0.34, which was increased by HK\$0.01 from approximately HK\$0.33 as at 1st April 2018.

Below is a 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 (“AMT”). AMT 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. AMT’s team of more than 200 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. AMT 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\$690,129,000 representing an increase of 74.4% from approximately HK\$395,629,000 in the corresponding period last year. The reason of increase was mainly due to continued strong demand for SMT equipment from our existing customers and gaining of new customers in the telecommunication and industrial market segments. During the quarter, the division's direct machine sales was approximately HK\$654,303,000, representing an increase of 83.4% from approximately HK\$356,778,000 in the corresponding period last year, and the spare parts sales were approximately HK\$18,644,000, representing an increase of 31.3% from the corresponding period last year's approximately HK\$14,204,000. However, the software sales were approximately HK\$249,000 and commission and other service income of approximately HK\$16,933,000, representing a decrease of 92.8% and 20.0% from approximately HK\$3,478,000 and HK\$21,169,000 in the corresponding period last year. The decrease in commission and other service income and software sales were mainly due to moderate decrease of commissioned jobs from our customers.

Our continuous efforts in control operating cost, expanding customer portfolio and market share enabling us to deliver robust financial results. During the quarter, the division recorded a net profit of approximately HK\$28,830,000, increased by 49.3% from approximately HK\$19,314,000 in the corresponding period last year. AMT's management has taken various measures to maintain operating cost efficiency and has achieved expected profitability despite an ever-challenging market.

Leasing Division

The Group conducts its leasing business through its wholly-owned subsidiary, North Asia Financial Leasing (Shanghai) Co., Ltd. ("NAFL") in China Shanghai Pilot Free Trade Zone. NAFL provides finance and operating lease arrangements to customers of the Group's hi-tech distribution and services division and projects. During the quarter, the division generated a revenue from the leasing business of approximately HK\$11,384,000, representing an increase of 127.9% from approximately HK\$4,996,000 in the corresponding period last year and recorded a net profit of approximately HK\$5,224,000, representing an increase of 70.3% from HK\$3,067,000 in the corresponding period last year. As at 30th June 2018, the aggregate principal amount of finance lease loans was HK\$307,375,000, representing an increase by 36.5% from HK\$225,209,000 as at 30th June 2017.

OUTLOOK

Overall Summary

The management has confidence in the prospects of both the hi-tech distribution and services division and leasing division. We expect the momentum of global economy will remain steadily growth and at a low unemployment rate. The domestic demand will stay resilient as consumer spending growth is likely to remain moderate but steady. In view of a wide range upgrade of mobile devices as well as telecom station equipment from 4G to 5G telecom network, which offers ultra-fast wireless network speed for future auto pilot vehicle and virtual reality and virtual augmented applications. Our customers including some leading telecommunication companies in China will play

a vital role in the 5G transformation and provide immense opportunities to the SMT industry. We will embrace the opportunities offered by 5G transformation and continue to manage cash, cost and risks and, to build our strength by working with our management teams to improve capability and efficiency.

Hi-tech Distribution and Services Division

For first five months end May 2018, per Ministry of Industry and Information Technology of the PRC, the industry of Information Technology experienced healthy growth. The industry recorded a 12.8% growth in revenue and a 14.6% increase in fixed asset equipment investment. For the said period, the industry recorded growth in all segments. Communication equipment segment and TV segment registered double digit growth of 14.5% and 17.8% respectively. For computer manufacturing and smart consumer equipment manufacturing segment, the growth are on high single digit side, representing 7% and 8% respectively.

For mobile phone industry, the market is softening. Based on May 2018 preliminary data from the International Data Corporation (IDC) Worldwide Quarterly Mobile Phone Tracker, smartphone vendors shipped a total of 334.3 million units during the first quarter of 2018, resulting in a 2.9% decline in comparison with the 344.4 million units shipped in the first quarter of 2017. The China market was the biggest driver of this decline with shipment volumes dipping below 100 million in the first quarter of 2018 which has not happened since the third quarter of 2013.

According to IDC's report "Worldwide Mobile Phone Forecast Update 2018-2022" in June 2018, it predicted that the worldwide mobile phone market will reach a total of 1,932.6 million unit shipments in 2018, down 2.26% from the 1,977.4 million units shipped in 2017. From 2018, total mobile phone shipments will reach 1,913.0 million units worldwide by 2022, resulting in a CAGR of -0.7% from 2017 to 2022. Although there was a slightly larger decline in 2018 than previous forecast, which was due to a continued slowdown in replacement rates in many developed markets, there are plenty of positive points to take into consideration such as the continued success of ultra-high-end flagships in developed markets achieving a staggering 12.2% growth in average selling price in 2018. From there, prices will continue to grow throughout the forecast period as pricier 5G phones hit the market in 2019. By 2022, the last year of IDC's forecast, the average selling price for a mobile phone will reach US\$314. This represents a CAGR of 5.9% for 2017-2022.

The escalation of trade war between US and China, the two largest economies of world put pressure on future economic growth. Although the recent lifting of sanction against one of the largest telecommunication manufacturers in China offers some comforts, the outlook of world economy and hence the consumer consumption is still facing a lot of uncertainty. We will continue to monitor the latest development and work closely with our partners to come up with competitive and innovative solution. As a leading SMT distributor and related service provider in Asia, we will continue to invest in our service and support infrastructure to meet the customer satisfaction. At the same time, we will continue to closely monitor our working capital, gross 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.

Leasing Division

The leasing business, which the Company is engaged in, underwent more favorable development during the quarters with the continuous steady growth of SMT on the back of up-and-coming manufacturing of mobile phone-based consumer electronics brands in the Mainland China, yet financing needs were predominantly from small and medium-sized customers, the majority of which being original equipment manufacturing (OEM) factories. With the Group's financial platform in Hong Kong and abundant industry experience (in particular in hi-tech manufacturing equipment), the Group's leasing business will remain focus on the equipment finance leasing on SMT, semiconductor packaging and to provide diversified solutions and services for customers while closely monitor the equipment finance leasing demand in other growing areas for a solid and rapid expansion in new business and income.

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

As at 30th June 2018, the Directors and chief executive of the Company and their respective associates had the following interests or short positions in the shares and/or 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:

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

Name of Director	Capacity	Number of underlying shares held (Share Options)	Approximate percentage of underlying shares held (Note a)
Zhang Yifan	Beneficial owner	27,256,000	0.99%
Pierre Tsui Kwong Ming	Beneficial owner	2,000,000	0.07%
Joseph Liang Hsien Tse	Beneficial owner	2,000,000	0.07%
Joseph Chan Nap Kee	Beneficial owner	2,000,000	0.07%
Kenneth Kon Hiu King	Beneficial owner	2,000,000	0.07%

Note:

- (a) The above approximate percentages of the shareholdings are based on 2,725,808,054 ordinary shares in issue as at 30th June 2018.

Save as disclosed above, as at 30th June 2018, 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 2018, so far as is known to the Directors and chief executive of the Company, the following person (other than the Directors and chief executive of the Company whose interests were disclosed above) 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 Shareholder	Capacity	Number of ordinary shares held	Number of underlying shares held (Share Options)	Approximate percentage of shares and underlying shares held <i>(Note a)</i>
Lu Ying	Beneficial owner	1,827,687,238	2,720,000	67.15%

Note:

- (a) The above approximate percentage of the shareholding is based on 2,725,808,054 ordinary shares in issue as at 30th June 2018.

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 the interests of which were disclosed above) 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 2018.

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.

The following table sets out the movements in the Company's share options under the 2014 Scheme during the reporting period:

Name	Date of grant	Exercise period	Exercise price*	Number of share options					Outstanding as at 30th June 2018
				Outstanding as at 1st April 2018	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
Executive Directors									
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	27,256,000	—	—	—	—	27,256,000
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	2,000,000	—	—	—	—	2,000,000
Independent non-executive Directors									
Joseph Liang Hsien Tse	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	2,000,000	—	—	—	—	2,000,000
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	2,000,000	—	—	—	—	2,000,000
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	2,000,000	—	—	—	—	2,000,000
Sub-Total				35,256,000	—	—	—	—	35,256,000
Substantial Shareholder									
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	2,720,000	—	—	—	—	2,720,000
Employees of the Group									
Employees	16th August 2017	16th August 2017 to 15th August 2027	HK\$0.115	35,256,000	—	—	—	—	35,256,000
Total				<u>73,232,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>73,232,000</u>

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

COMPETING INTERESTS

As at 30th June 2018, 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 2018.

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 2018, 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 of the Company for the three months ended 30th June 2018 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, 7th August 2018

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.