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NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

- (1) Issue of New Preference Shares to independent Places**
- (2) Connected transactions involving issue of New Preference Shares to NASAC 2 and NASAC 3**
- (3) Connected transaction involving Waiver Agreement and**
- (4) Resumption of trading in Ordinary Shares**

Financial adviser to North Asia Strategic Holdings Limited


Optima Capital Limited

Independent financial adviser to the independent Board committee and Independent Shareholders


ACCESS CAPITAL LIMITED

The Company has entered into a total of 14 Subscription Agreements with 14 Places (including NASAC 2 and NASAC 3) for the placement of the New Preference Shares.

Pursuant to the Subscription Agreements, the Company has conditionally agreed to issue, and the Places have conditionally agreed to subscribe for, a total of 2,868,335,640 New Preference Shares at an issue price of HK\$0.191 per New Preference Share. The Subscription Agreements are subject to a number of conditions. Details of the terms of the Subscription Agreements (including the conditions thereof) and the New Preference Shares are set out below.

* For identification purpose only

The proceeds from the Placement are estimated to amount to approximately HK\$547.9 million (or approximately HK\$542.2 million after deducting related expenses) and are intended to be used for future investment and working capital purposes.

Pursuant to the terms of the Convertible Bonds and the Existing Preference Shares, the conversion price of the Convertible Bonds and the conversion ratio of the Existing Preference Shares are subject to usual anti-dilution adjustments. Based on the terms of the Placement, the prevailing conversion price of the Convertible Bonds and the conversion ratio of the Existing Preference Shares should be adjusted downwards as a result of Completion. Subject to the approval by Independent Shareholders and the approval of the Placement at the Special General Meeting, the Company and the Ajia Parties shall enter into the Waiver Agreement before Completion to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Placement, including any subsequent conversion of the Existing Preference Shares into Ordinary Shares. The Company shall also convene a separate meeting of the holders of the Preference Shares to consider a resolution to approve the Preference Shares Waiver.

By virtue of the interest of NASA and the directors and chief executive of the Group in NASAC 2 and/or NASAC 3, the transactions contemplated under the NASAC 2 Agreement and the NASAC 3 Agreement constitute connected transactions for the Company under the GEM Listing Rules. Accordingly, the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting.

The Subscription Agreements other than the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Shareholders. No Shareholders are required to abstain from voting on these Subscription Agreements.

The transactions contemplated under the Waiver Agreement constitute a connected transaction for the Company under the GEM Listing Rules by virtue of Ajia Parties' controlling shareholding interest in the Company. The Waiver Agreement is subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall abstain from voting on the Waiver Agreement at the Special General Meeting.

An independent Board committee, comprising all the independent non-executive Directors, has been constituted to make recommendations to the Independent Shareholders on the voting as regards the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement. Access Capital has been appointed as independent financial adviser of the Company to advise the independent Board committee and the Independent Shareholders in this connection. A circular containing details of the Subscription Agreements and the Waiver Agreement, the recommendations and advice of the independent Board committee and Access Capital, and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

Trading in the Ordinary Shares on the Stock Exchange has been suspended from 9:30 a.m. on 22nd October 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Ordinary Shares from 9:30 a.m. on 5th November 2007.

SUBSCRIPTION AGREEMENTS

The Company has entered into a total of 14 Subscription Agreements with 14 Places for the subscription of the New Preference Shares. Set out below are the principal terms of the Subscription Agreements.

Date of the Subscription Agreements:

- (i) 9 Subscription Agreements (including those with NASAC 2 and NASAC 3) were entered into on 18th October 2007; and
- (ii) the other 5 Subscription Agreements were entered into on 29th October 2007.

Parties to the Subscription Agreements:

Issuer : the Company
Subscribers : 14 Places including NASAC 2 and NASAC 3

Information about the Places:

NASAC 2 is an investment holding company set up for the sole purpose of subscribing for and holding the New Preference Shares. The issued share capital of NASAC 2 comprises 1 ordinary voting share and 241,205,128 ordinary non-voting shares, all with par value of US\$0.0001 each. The shareholding structure of NASAC 2 as at the date of the NASAC 2 Agreement and this announcement is as follows:

Class of shares	Shareholder	No. of shares held	% to total issued shares within the same class
Ordinary voting	NASA (<i>Note 1</i>)	1	100.0
Ordinary non-voting	Windswept Inc. (<i>Notes 2 & 3</i>)	200,000,000	82.9
	Mr. Chow (<i>Note 3</i>)	10,000,000	4.2
	Mr. Cheng (<i>Note 3</i>)	1,282,051	0.5
	5 other management and consultants of the Group	<u>29,923,077</u>	<u>12.4</u>
		<u>241,205,128</u>	<u>100.0</u>

Notes:

1. NASA is a special purpose vehicle set up in 2004 for the sole purpose of holding NASAC and providing exclusive services to the Company pursuant to the Service Agreement, the scope of which covers fund raising, market and industry research, investor sourcing, investment sourcing, investment analysis and due diligence, and financial advisory under the overall control and supervision of the Board.

2. Windswept Inc. is an investment holding company controlled by Mr. Malm.
3. Mr. Malm, Mr. Chow and Mr. Cheng hold 9.4%, 18.8% and 3.8% respectively of the non-voting participating shares of NASAC in issue as at the date of this announcement. In addition, Mr. Malm is interested in 5.0% of one of the holders of the Existing Preference Shares.

Apart from those disclosed in Note 3 above, none of the holders of the ordinary non-voting shares of NASAC 2 has any beneficial interest in the shares or other securities of the Company.

NASAC 3 is an investment holding company set up for the sole purpose of subscribing for and holding the New Preference Shares. The issued share capital of NASAC 3 comprises 1 ordinary voting share and 142,539,872 ordinary non-voting shares, all with par value of US\$0.0001 each. Each of the ordinary non-voting shareholders of NASAC 3 has no beneficial interest in the shares or other securities of the Company. The shareholding structure of NASAC 3 as at the date of the NASAC 3 Agreement and the date of this announcement is as follows:

Class of shares	Shareholder	No. of shares held	% to total issued shares within the same class
Ordinary voting	NASA	1	100.0
Ordinary non-voting	Mr. Wu	85,705,128	60.1
	5 other management of the Amtec Group	56,834,744	39.9
		<u>142,539,872</u>	<u>100.0</u>

The other Placees comprise international financial institutions, Asia focused fund houses and professional investors. The Placees are chiefly solicited by NASA which has been providing various exclusive services, including fund raising and investor sourcing, to the Company pursuant to the Service Agreement.

Save as aforesaid and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placees, their respective associates and the respective ultimate beneficial owners of the Placees are Independent Third Parties. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, apart from NASAC 2 and NASAC 3, none of the Placees and their respective associates has any beneficial interests in any shares or other securities in the Company prior to the Placement.

Securities to be subscribed:

	No. of New Preference Shares	% to total New Preference Shares
12 independent Places	2,711,623,022	94.6
NASAC 2	98,502,618	3.4
NASAC 3	58,210,000	2.0
Total	<u>2,868,335,640</u>	<u>100.0</u>

Principal terms of the New Preference Shares:

The New Preference Shares and the Existing Preference Shares are securities within the same class and shall have and enjoy the following rights and be subject to the following restrictions:

Redemption and Conversion:

The New Preference Shares are not redeemable.

Subject to the following paragraph, the New Preference Shares shall be automatically convertible into Ordinary Shares on the listing of the Ordinary Shares on the Main Board of the Stock Exchange, or on 28th February 2010, whichever occurs earlier, at the conversion ratio of one Preference Share to one Ordinary Share, subject to usual anti-dilution adjustments. The adjustment events will arise as a result of certain changes in the share capital of the Company including any capital reorganisation involving consolidation, subdivision or re-classification of shares, bonus issue by way of capitalisation of profits or reserves, capital distributions and subsequent issue of rights, options, warrants and other convertible securities in the Company.

In the event that the conversion of any holder's New Preference Shares would result in such holder holding 30% or more of the issued Ordinary Shares, or otherwise result in such holder being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code, the holder shall be entitled to elect to convert such number of New Preference Shares as will cause it to hold (a) 29% of the issued Ordinary Shares; or (b) if applicable, the maximum whole number of percentage of the issued Ordinary Shares it could hold without being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code. Any remaining New Preference Shares held by such holder may be converted by such holder by giving not less than 45 days' prior notice to the Company.

The Conversion Shares, when issued, shall rank pari passu in all respects with all other Ordinary Shares in issue on the date of conversion including the right to any dividends or distributions declared, made or paid after the date of the conversion.

Transferability: The New Preference Shares may only be transferred with the prior approval of the Board and in compliance with applicable law and regulatory requirements. Save as disclosed herein, there are no other provisions regarding transferability of the New Preference Shares.

The Company has undertaken to the Stock Exchange that it shall notify the Stock Exchange if it becomes aware of any dealings in the New Preference Shares by connected persons of the Company.

Voting: Holders of the New Preference Shares will have the right to receive notice of all general meetings of the Ordinary Shareholders but will not be entitled to vote at such meeting, except when the business of the meeting includes resolution(s) for (i) the winding up of the Company; (ii) renewing the Services Agreement, amending, modifying or supplementing its terms, or approving the settlement of any fees payable to NASA by way of an issue of Ordinary Shares; or (iii) varying or abrogating the rights or privileges of the holders of the New Preference Shares. Holders of the New Preference Shares are also entitled to vote on the election of a chairman of any general meeting at which they are entitled to vote or any motion for adjournment of such meeting.

When the holders of the New Preference Shares are entitled to vote at a general meeting, each New Preference Share shall confer on its holder one vote.

All or any of the rights or privileges attached to the New Preference Shares may be varied or abrogated only with the sanction of a resolution passed at a separate meeting of the holders of the Preference Shares by 75% votes cast at such meeting of the holders of the Preference Shares present and entitled to vote at such meeting.

The above voting rights of the holders of the New Preference Shares are applicable to partly paid New Preference Shares as if such shares were fully paid.

Listing: The New Preference Shares will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Ranking: The New Preference Shares will rank *pari passu* as to dividends with the Ordinary Shares and Existing Preference Shares. In the event of liquidation or winding up of the Company, the holders of the New Preference Shares, like the holders of Existing Preference Shares, will be entitled to receive an amount equal to 100% of the subscription monies, respectively, paid by them before a return of capital is made to the holders of the Ordinary Shares. Thereafter, the remaining assets of the Company will be distributed to the Ordinary Shareholders and holders of the Preference Shares *pro-rata* on an *as-if-converted* basis.

Subscription price:

HK\$0.191 per New Preference Share.

The subscription price shall be payable in cash by the Placees in three installments as follows:

- (a) the first installment, representing one-third of the total subscription price, will be payable on the Completion Date;
- (b) the second installment, representing one-third of the total subscription price, will be payable on 28th February 2008 (the “Second Installment Date”); and
- (c) the third installment, representing one-third of the total subscription price, will be payable on 28th February 2009 (the “Third Installment Date”),

provided that payment of either the second or third installment shall not be required unless and until at least 75% of the subscription monies previously paid by the Placees from time to time has been paid out for or committed to investments for the Company.

In the event that the subscription monies previously paid by the Placees from time to time for the New Preference Shares are insufficient to make any potential investments approved by the Board and/or to pay fees or expenses which are payable by the Company under the Services Agreement, the Company shall be entitled to require the relevant amount of the subscription price to be paid by the Placees before the relevant installment dates described above on a date specified by the Company but not earlier than 45 days from the date on which the payment notice is given by the Company. The schedule of capital calls for the subscription monies will take into account the investment plan of the Company.

Any unpaid balance of the subscription price remaining payable immediately prior to the Third Installment Date or, if earlier, the business day immediately preceding the date of conversion of the New Preference Shares, shall in any event be payable on the Third Installment Date or on such business day immediately preceding the date of conversion, as the case may be. In the event that any installment of the subscription price remains unpaid for a period of 30 days after the date such installment is due, the New Preference Shares and any previously paid amount of the subscription price shall be liable to forfeiture, sale or cancellation in accordance with the Bye-laws of the Company.

Any partly paid-up Preference Shares shall confer on the holders thereof at all times all rights and benefits which would otherwise be conferred on such holders if such Preference Shares were fully paid-up, except that, for the purpose of conversion of any partly paid-up Preference Share into an Ordinary Share, such holder shall be required to pay the outstanding unpaid amount of such Preference Share prior to being entitled to conversion.

The New Preference Shares will be issued and allotted to the respective Placees on Completion, which shall take place on a date before the Second Installment Date and the Third Installment Date. Having considered that (i) the proceeds from the Placement are chiefly intended for future investment uses; and (ii) the Company shall be entitled to require the relevant amount of the subscription monies to be paid by the Placees before the relevant installment dates should the needs as described above arise, the Directors

are of the view that the installment arrangement of the payment for subscription monies is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The subscription price per New Preference Share represents:

- (i) a discount of approximately 86.4% to the closing price of HK\$1.4 per Ordinary Share on 18th October 2007, being the last trading day of the Ordinary Shares prior to the suspension of the Ordinary Shares on 22nd October 2007 pending the release of this announcement;
- (ii) a discount of approximately 87.9% to the average closing price of the Ordinary Shares of HK\$1.577 for the ten consecutive trading days up to and including 18th October 2007;
- (iii) a premium of approximately 28.3% over the audited net asset value per issued share of HK\$0.1489 as at 31st March 2007 (calculated based on the audited consolidated net assets of the Group of approximately HK\$1,231.3 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007);
- (iv) a premium of approximately 97.7% over the audited net tangible asset value per issued share of HK\$0.0966 as at 31st March 2007 (calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$799.1 million and 8,271,809,529 shares of the Company comprising 95,794,716 Ordinary Shares and 8,176,014,813 Existing Preference Shares in issue as at 31st March 2007); and
- (v) a premium of approximately 22.0% over the subscription price of the Existing Preference Shares at HK\$0.1566 each under the First Round Placement.

The subscription price of the New Preference Shares was agreed following arm's length negotiations between the Company and the Placees with reference to the subscription price for the First Round Placement. Notwithstanding that the Directors do not consider a formal valuation of the shares of the Company is necessary, in view of the deteriorating financial results of the Group's steel trading business in recent years and the fact that the value and contributions of the investments of the Group committed after the First Round Placement have not been fully reflected in the Group's results, the Directors do not consider that the current market price of the Ordinary Shares fairly represents the fundamentals and underlying asset value of the Company. The Directors further consider that the premium represented by the subscription price of the New Preference Shares over the subscription price for the Existing Preference Shares under the First Round Placement reflects the value of the investments undertaken by the Group since the First Round Placement as described under the paragraph headed "Reasons for the Placement" below. Despite the discount represented by the subscription price to the prevailing market price of the Ordinary Shares, given the non-redeemable and unlisted features of the Preference Shares and the significant premium represented by the subscription price over the net asset value per share and net tangible asset per Share, the Directors consider that the issue of the New Preference Shares at the subscription price of HK\$0.191 each to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions:

Completion of the Subscription Agreements is subject to the following conditions being fulfilled or waived on or before the Completion Date:

- (i) receipt of all necessary approvals of applicable authorities (including the GEM Listing Division) and necessary resolutions having been passed by (a) the Shareholders authorising the Company to enter into the Subscription Agreements and the issue of the New Preference Shares; and (b) by the holders of the Existing Preference Shares approving the Preference Shares Waiver;
- (ii) the Company having received duly completed and executed application forms for the New Preference Shares together with such other documents as are required to be delivered by the Placees in connection with the Placement; and
- (iii) the Placees having received duly certified true copies of (a) the approvals specified in (i) above; and (b) the resolutions of the Directors approving the registration of the Placees as a member of the Company.

Completion:

Completion of the respective Subscription Agreements shall occur on such date conditional upon the satisfaction of their respective conditions precedent as set out above, and shall occur prior to 31st December 2007. Completion of any one of the Subscription Agreements is not conditional on completion of the other Subscription Agreements.

Further announcement(s) will be made by the Company as regards the status of Completion as appropriate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 26th July 2006, the Company announced the issue of 792,848,020 Existing Preference Shares to an Independent Third Party at a price of HK\$0.1566 each, raising approximately HK\$124.2 million for future investment use. The issue was completed in September 2006 as part of the First Round Placement and three quarters of the subscription monies (HK\$93.2 million) have been received by the Company in accordance with the terms of the issue of the Existing Preference Shares and used as intended.

The remaining quarter of the subscription monies from the aforesaid issue and the other Existing Preference Shares issued under the First Round Placement which amounts to approximately HK\$320.1 million would be received by the Company by 28th February 2009 unless a call for payment is made by the Company on an earlier date in accordance with the terms of the Existing Preference Shares.

Apart from the above, the Company has not conducted any fund raising activities in the past twelve months.

SHAREHOLDING STRUCTURE

Details of the Company's Ordinary Share capital (including the individual holdings of the connected persons) (i) as at the date of this announcement and immediately upon completion of the Placement; (ii) upon completion of the Placement and full conversion of the Existing Preference Shares at the 1-to-1 conversion ratio; and (iii) upon completion of the Placement and full conversion of the Existing Preference Shares and New Preference Shares at the 1-to-1 conversion ratio; and (iv) upon completion of the Placement and full conversion of the Existing Preference Shares and New Preference Shares at the 1-to-1 conversion ratio and the Convertible Bonds at the initial conversion price of HK\$0.1566 is shown below:

	As at the date of this announcement and immediately upon completion of the Placement		Upon completion of the Placement and full conversion of the Existing Preference Shares		Upon completion of the Placement and full conversion of the Existing Preference Shares and the New Preference Shares		Upon completion of the Placement and full conversion of the Existing Preference Shares, the New Preference Shares and the Convertible Bonds	
	Ordinary Shares	%	Ordinary Shares	%	Ordinary Shares	%	Ordinary Shares	%
NASAC	44,163,474	46.1	44,163,474	0.5	44,163,474	0.4	132,490,421	1.2
Mr. Tsang	20,202,886	21.1	20,202,886	0.3	20,202,886	0.2	59,589,859	0.5
Huge Top (Note 1)	1,598,113	1.7	1,598,113	0.0	1,598,113	0.0	1,598,113	0.0
Right Action Offshore Inc. (Note 2)	1,024,000	1.0	1,024,000	0.0	1,024,000	0.0	1,024,000	0.0
TN Development Limited (Note 3)	1,633,676	1.7	1,633,676	0.0	1,633,676	0.0	1,633,676	0.0
Asia Internet Capital Ventures LP (Note 4)	—	—	148,659,004	1.8	148,659,004	1.3	148,659,004	1.3
Timeless Enterprises Limited (Note 5)	—	—	99,106,003	1.2	99,106,003	0.9	99,106,003	0.9
NASAC 2	—	—	—	—	98,502,618	0.9	98,502,618	0.9
NASAC 3	—	—	—	—	58,210,000	0.5	58,210,000	0.5
ABN AMRO Asset Management Holding N.V.	—	—	1,238,825,032	15.0	1,238,825,032	11.1	1,238,825,032	11.0
Goldman Sachs (Asia) Finance (Note 6)	—	—	2,477,650,064	30.0	2,477,650,064	22.3	2,477,650,064	22.0
	68,622,149	71.6	4,032,862,252	48.8	4,189,574,870	37.6	4,317,288,790	38.3
Other holders of the Existing Preference Shares (Note 7)	—	—	4,211,774,710	50.9	4,211,774,710	37.8	4,211,774,710	37.4
The Placees (excluding NASAC 2 and NASAC 3) (Note 7)	—	—	—	—	2,711,623,022	24.3	2,711,623,022	24.1
Other public Shareholders	27,172,567	28.4	27,172,567	0.3	27,172,567	0.3	27,172,567	0.2
Total public Shareholders	27,172,567	28.4	4,238,947,277	51.2	6,950,570,299	62.4	6,950,570,299	61.7
Total	95,794,716	100.0	8,271,809,529	100.0	11,140,145,169	100.0	11,267,859,089	100.0

Notes:

1. Mr. Yao, an executive Director, holds approximately 11.9% direct and 42.9% indirect interests in the issued share capital of Huge Top and is entitled to exercise more than one-third of the voting rights at general meetings of Huge Top.
2. Mr. Yao is the registered holder of the entire issued share capital of Right Action Offshore Inc.
3. The issued share capital of TN Development Limited is owned as to 54% by Van Shung Chong (B.V.I.) Limited (“VSC BVI”) and as to 10% by Mr. Yao. The issued share capital of VSC BVI is indirectly owned as to approximately 45.9% by Huge Top.
4. Asia Internet Capital Ventures LP is a venture capital fund with 10 limited partners organised for the object and purpose of making private equity investments in internet and technology-oriented companies and managed by Mr. Tsang.
5. Timeless Enterprises Limited is a company wholly owned by Mr. Henry Cho Kim, an executive Director and the deputy chairman of the Company.
6. Goldman Sachs (Asia) Finance is entitled to elect to convert such number of Preference Shares as will cause it to hold (a) 29% of the issued Ordinary Shares; or (b) if applicable, the maximum whole number of percentage of the issued Ordinary Shares it could hold without being required to make a mandatory general offer for the Ordinary Shares under the Takeovers Code.
7. None of the other holders of the Existing Preference Shares or the Placees will hold more than 10% of the issued Ordinary Shares upon full conversion of the Preference Shares (whether or not the Convertible Bonds are converted) and be treated as a connected person of the Company for the purposes of the GEM Listing Rules.

Save for the Existing Preference Shares and the Convertible Bonds, the Company does not have any other outstanding options, warrants or other securities in issue which carry rights to be convertible into Ordinary Shares as at the date of this announcement.

Each of the Ajia Parties has previously undertaken to the Stock Exchange that for so long as it remains a connected person of the Company, it will not exercise the conversion rights attached to the Convertible Bonds if the public float of the Company falls below 15% upon exercise of the conversion rights of the Convertible Bonds. Based on the existing shareholding structure of the Company as set out above, there will be sufficient public float for the Ordinary Shares (being 15% if the Ordinary Shares remain listed on GEM or 25% if the Ordinary Shares then become listed on the Main Board of the Stock Exchange) immediately upon completion of the Placement (assuming no conversion of the Convertible Bonds) and after conversion of the Preference Shares (whether before or after the conversion of the Convertible Bonds).

The Stock Exchange has indicated that should the Placement be completed and the Preference Shares be converted, it will closely monitor trading in the Company’s shares if less than 15% of the Ordinary Shares (if the Ordinary Shares remain listed on GEM) or the requisite minimum percentage of the Ordinary Shares (as required under the Rules Governing the Listing of Securities on the Stock Exchange if the Ordinary Shares are then listed on the Main Board) are held by the public. If the Stock Exchange comes to believe that a false market exists or may exist in the trading in the Ordinary Shares, or

there are too few Ordinary Shares in public hands to maintain an orderly market, then it may consider exercising its discretion to suspend trading in the Ordinary Shares until a sufficient level of public float is attained.

DILUTION EFFECT ON SHAREHOLDERS

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attaching to the Preference Shares, for so long as any of the Preference Shares are outstanding, the Company will keep Shareholders informed of the level of dilution and details of conversion as follows:

- (i) the Company will make a monthly announcement (the “Monthly Announcement”) on the GEM website on the first issue of the Preference Shares. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Preference Shares during the relevant month. If yes, details of the conversion(s), including the conversion date and number of new Ordinary Shares issued. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the outstanding principal amount of the Preference Shares after the conversion, if any;
 - (c) the total number of new Ordinary Shares issued pursuant to other transactions during the relevant month;
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (ii) in addition to the Monthly Announcement, if the cumulative amount of new Ordinary Shares issued pursuant to the conversion of the Preference Shares reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares (and thereafter in a multiple of such 5% threshold), the Company will as soon as practicable but in any event no later than the fifth business day thereafter make an announcement on the GEM website including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares, up to the date on which the total amount of Ordinary Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Preference Shares.

REASONS FOR THE PLACEMENT

The Group is principally engaged in the trading of surface mount technology assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services; processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and investment holding. The Group ceased its steel trading operations after August 2007.

Since the Ajia Parties became the new controlling Shareholders in August 2005, the Company has embarked on an active investment programme to broaden the business focus of the Group. New capital in the amount of approximately HK\$1,280.4 million was raised through the First Round Placement to fund such investment initiatives. So far, the Group has completed three investments: (i) the acquisition of the entire equity interests in Amtec Group and American Tec Electronic India Private Limited, which are principally engaged in the business of trading of surface mount technology assembly equipment, machinery and spare parts and the provision of related installation, training, repair and maintenance services; (ii) the acquisition of a 40% interest in the Coland Group which is principally engaged in the processing and sale of fishmeal, refining and sale of fish oil, the manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds; and (iii) the acquisition of the operation right to develop and operate Burger King restaurants in Hong Kong and Macau. These investments, together with the working capital requirements of the Group, have utilized approximately 54.0% of the fund raised from the First Round Placement. As the Company will continue to seek for investment targets in accordance with its investment strategy and policy, the Directors consider it appropriate to raise additional capital and strengthen its financial capability to meet its future investment needs by way of the Placement.

As disclosed in the announcement of the Company dated 24th July 2007, the Company had signed a letter of intent with an Independent Third Party relating to a potential acquisition of an interest in an industrial conglomerate in North Asia. Since then, due diligence work on this investment target was commenced but was subsequently ceased and the letter of intent has expired. The Group will continue to seek investment opportunities in profitable companies in North Asia with the aim to acquire strategic or controlling stakes in these companies. As at the date of this announcement, the Company has not entered into any definitive agreements for investment in any targets. Should any investments materialise, the Company will comply with the relevant requirements of the GEM Listing Rules.

The New Preference Shares will be accounted for as equity instruments of the Company in accordance with applicable accounting standards. The proceeds from the Placement, which amount to approximately HK\$547.9 million (or approximately HK\$542.2 million after deducting related expenses), are intended to be used for future investment and working capital purposes.

WAIVER OF ADJUSTMENTS OF THE CONVERSION PRICE OF THE CONVERTIBLE BONDS AND THE CONVERSION RATIO OF THE EXISTING PREFERENCE SHARES

Pursuant to the instrument constituting the Convertible Bonds, the conversion price for the Convertible Bonds is subject to customary anti-dilution adjustments if certain events, which include, among other things, the issue by the Company of convertible securities, take place. Based on the terms of the Placement, the prevailing conversion price for the Convertible Bonds should be adjusted from HK\$0.1566 to HK\$0.0257 in accordance with the relevant provisions of the instrument constituting the Convertible Bonds as a result of the Placement. In order to avoid the potential dilution effect to the Independent Shareholders as a result of the downward adjustment to the conversion price of the Convertible Bonds and to have a consistent entry price for the investments in the Company by the Ajia Parties and the subscribers of the First Round Placement, the Ajia Parties and the Company will, subject to the approval by Independent Shareholders and the approval of the Placement at the Special General Meeting, enter into the Waiver Agreement before completion of the Placement to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Placement, including any

subsequent conversion of the Existing Preference Shares into Ordinary Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Waiver Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to the terms of the Existing Preference Shares, the conversion ratio for the Existing Preference Shares is also subject to customary anti-dilution adjustments if certain events, which include, among other things, the issue by the Company of convertible securities, take place. Based on the terms of the Placement, the prevailing conversion ratio for the Existing Preference Shares should be adjusted from one Existing Preference Share to one Ordinary Share to one Preference Share to 6.1 Ordinary Shares in accordance with the relevant terms of the Existing Preference Shares as a result of the Placement. In order to have a consistent conversion ratio for all the Preference Shares in issue and to be issued, the Company shall convene a separate meeting of the holders of the Preference Shares to consider a resolution to approve the Preference Shares Waiver. The Directors (including the independent non-executive Directors) consider that the terms of the Preference Shares Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION ON PLACEMENT

NASAC and Mr. Tsang hold approximately 46.1% and 21.1% respectively of the issued Ordinary Shares as at the date of this announcement. The issued share capital of NASAC comprises 1 voting participating share and 49,999 non-voting participating shares, all with par value of US\$1 each. NASA holds the single voting participating share of NASAC. Mr. Malm, Mr. Chow and Mr. Cheng hold 9.4%, 18.8% and 3.8% respectively of the non-voting participating shares of NASAC in issue as at the date of this announcement. According to the memorandum of association of NASAC, the non-voting participating shareholders have no voting rights (save for matters affecting their class of shares only) and these shares cannot be converted into voting participating shares. NASA is a subsidiary of API. Mr. Tsang, Mr. Chow and their respective associates in aggregate hold controlling interest in API but none of the shareholders of API hold or control more than 30% of the equity interest in API.

By virtue of the interest of NASA and certain directors and chief executives of the Group in NASAC 2 and NASAC 3, the placement of New Preference Shares to NASAC 2 and NASAC 3 constitute connected transactions of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the NASAC 2 Agreement and the NASAC 3 Agreement are subject to the approval of the Independent Shareholders on which voting shall be taken by poll. Ajia Parties and their respective associates shall also abstain from voting on the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting. Apart from them, no Shareholders or their respective associates have interests under the Subscription Agreements different from other Shareholders who should abstain from voting on the Subscription Agreements other than the NASAC 2 Agreement and the NASAC 3 Agreement at the Special General Meeting.

The entering into the Waiver Agreement also constitutes a connected transaction for the Company under the GEM Listing Rules by virtue of Ajia Parties' controlling shareholding interest in the Company. Accordingly, the Waiver Agreement is subject to the approval of the Independent Shareholders by way of poll. Ajia Parties and their respective associates will abstain from voting on the resolution to be proposed at the Special General Meeting regarding the Waiver Agreement.

An independent committee of the Board, comprising all the independent non-executive Directors, has been constituted to make recommendation to the Independent Shareholders on the voting as regards the NASAC 2 Agreement, the NASAC 3 Agreement and the Waiver Agreement. Access Capital has been appointed to advise the independent Board committee and Independent Shareholders in this connection. A circular containing details of the Subscription Agreements and the Waiver Agreement, the recommendations and advices of the independent Board committee and Access Capital, and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable.

Trading in the Ordinary Shares on the Stock Exchange has been suspended from 9:30 a.m. on 22nd October 2007 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Ordinary Shares from 9:30 a.m. on 5th November 2007.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Access Capital”	Access Capital Limited, a licensed corporation under the SFO which engages in types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities
“Ajia Parties”	NASAC and Mr. Tsang
“Amtec”	American Tec Company Limited, a wholly-owned subsidiary of the Company
“Amtec Group”	Amtec and its subsidiaries
“API”	Ajia Partners Inc., a company incorporated in the Cayman Islands and the holding company of NASA
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Coland Group”	Coland Group Limited and its subsidiaries
“Company”	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Ordinary Shares are listed on GEM
“Completion”	the closing of the respective Subscription Agreements, which shall occur on such date conditional upon the satisfaction of the conditions precedent set out in this announcement

“Completion Date”	the date of Completion
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Shares”	the Ordinary Shares to be issued upon conversion of the Preference Shares
“Convertible Bonds”	the convertible bonds, with total face value of HK\$20 million, held by the Ajia Parties which are convertible into new Ordinary Shares at an initial conversion price of HK\$0.1566 per Ordinary Share (subject to adjustments)
“Director(s)”	the director(s) of the Company
“Existing Preference Shares”	the 8,176,014,813 non-voting convertible preference shares in the issued share capital of the Company as at the date of this announcement
“First Round Placement”	the placement of the Existing Preference Shares completed by the Company during the period from February to September 2006
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huge Top”	Huge Top Industrial Limited, a company incorporated in the British Virgin Islands
“Independent Shareholders”	Shareholders other than the Ajia Parties and their respective associates
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Mr. Cheng”	Mr. Cheng Wyman Paul, the managing director of NASA
“Mr. Chow”	Mr. Savio Chow Sing Nam, an executive Director and the Chief Executive Officer of the Company
“Mr. Malm”	Mr. Göran Sture Malm, the Chairman and an executive Director of the Company

“Mr. Tsang”	Mr. Moses Tsang Kwok Tai, a substantial Shareholder holding approximately 21.1% of the existing issued Ordinary Shares who is also the chairman and managing partner of API and the manager of Asia Internet Capital Ventures LP
“Mr. Wu”	Mr. Wu Man Fan, a director and chief executive officer of Amtec
“Mr. Yao”	Mr. Andrew Yao Cho Fai, an executive Director of the Company
“NASA”	North Asia Strategic Advisors, a company incorporated in the Cayman Islands and a subsidiary of API
“NASAC”	North Asia Strategic Acquisition Corp., a company incorporated in the Cayman Islands and the controlling Shareholder holding approximately 46.1% of the existing issued Ordinary Shares. NASA controls 100% of the voting capital of NASAC
“NASAC 2”	North Asia Strategic Acquisition Corp. 2, a company incorporated in the Cayman Islands, of which Mr. Malm is beneficially interested in 82.9% of the ordinary non-voting share capital while NASA controls 100% of the ordinary voting share capital
“NASAC 2 Agreement”	the subscription agreement entered into between the Company and NASAC 2 on 18th October 2007 in relation to the Placement
“NASAC 3”	North Asia Strategic Acquisition Corp. 3, a company incorporated in the Cayman Islands, of which Mr. Wu holds 60.1% of the ordinary non-voting share capital while NASA controls 100% of the ordinary voting share capital
“NASAC 3 Agreement”	the subscription agreement entered into between the Company and NASAC 3 on 18th October 2007 in relation to the Placement
“New Preference Shares”	the 2,868,335,640 non-voting convertible preference shares of each to be issued by the Company and subscribed by the Placees under the Subscription Agreements
“Ordinary Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Placees”	a total of 14 subscribers (including NASAC 2 and NASAC 3) of the New Preference Shares pursuant to the Subscription Agreements
“Placement”	the private placing of the New Preference Shares by the Company to the Placees pursuant to the Subscription Agreements

“Preference Shares”	the Existing Preference Shares and the New Preference Shares
“Preference Shares Waiver”	the proposed waiver by the holders of the Existing Preference Shares of any requirement to adjust the conversion ratio of the Existing Preference Shares arising from the Placement
“Services Agreement”	the services agreement dated 26th September 2005 (as amended and restated on 30th December 2005) entered into between the Company and NASA
“Shareholder(s)”	the holder(s) of Ordinary Share(s)
“Special General Meeting”	the special general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the Subscription Agreements, the issue of the Preference Shares under the Placement and the Waiver Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	a total of 14 subscription agreements entered into between the Company and the Placees (including NASAC 2 and NASAC 3) in relation to the Placement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Waiver Agreement”	the agreement to be entered into between the Company and the Ajia Parties pursuant to which the Ajia Parties agree to waive any requirement to adjust the conversion price of the Convertible Bonds arising from the Placement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
North Asia Strategic Holdings Limited
Savio Chow Sing Nam
Executive Director and Chief Executive Officer

Hong Kong, 2nd November 2007

As at the date of this announcement, the Board comprises Mr. Göran Sture Malm (Chairman), Mr. Henry Cho Kim (Deputy Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer) and Mr. Andrew Yao Cho Fai (being the executive Directors), Mr. Takeshi Kadota (being the non-executive Director), Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak (being the independent non-executive Directors).

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief that:— (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcement” page for at least seven days from the date of its posting and on the Company’s website at www.nasholdings.com.