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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTY-HOLDING COMPANY

THE ACQUISITION

The Board is pleased to announce that on 11 March 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement with the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, all the issued shares in the Target and shareholders' loans owed by the Target to the Vendor as at the Completion Date at the consideration of HK\$46.5 million, subject to adjustments. The Target is a property-holding company with the Property being its only material asset.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 11 March 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the Provisional Agreement with the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, all the issued shares in the Target and shareholders' loans owed by the Target to the Vendor as at the Completion Date at the consideration of HK\$46.5 million, subject to adjustments. The Target is a property-holding company with the Property being its only material asset.

* *For identification purpose only*

THE PROVISIONAL AGREEMENT

The principal terms of the Provisional Agreement are summarised as follows:

Date

11 March 2021

Parties

- (i) Winning Billion Limited, as purchaser;
- (ii) Chan Yat Pan, as vendor; and
- (iii) Centaline Property Agency Limited, as agent.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of (i) the Vendor and (ii) the Agent and its ultimate beneficial owner(s) are third parties independent of each of the Company and its connected persons.

Subject matter

Pursuant to the Provisional Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase, subject to the terms and conditions therein, all the issued shares in the Target and shareholders' loans owed by the Target to the Vendor as at the Completion Date. The Target is a property-holding company incorporated in 2009 with the Property being its only material asset.

The Property is a residential unit situated at Seymour, No. 9 Seymour Road, Hong Kong with a saleable area of approximately 1,406 square feet, together with a car parking space and two motor cycle parking spaces in the same building. The Property will be delivered in vacant possession at Completion subject to a tenancy of the car parking space at a monthly rental of HK\$5,000 ("**Carpark Lease**") which is due to expire on 31 July 2021.

The Group has not been provided with the financial statements of the Target for its latest two financial years prior to the signing of the Provisional Agreement. Based on the information provided by the Vendor, the Target's only material asset is the Property (the fair market value of which as at 28 February 2021, based on an indicative independent valuation obtained by the Company, was HK\$46,500,000) and its main liabilities comprised a mortgage loan (of which approximately HK\$10.5 million was outstanding as at February 2021) and the shareholders loan which is to be assigned to the Purchaser at Completion. The Vendor has confirmed that since her acquisition of the Target in May 2018, the Target has not engaged in any business or generated any revenue, and the Property has not been leased out (except for the Carpark Lease). Further announcement will be

made with respect to the Target's net asset value as per its latest accounts and net profits (or loss) before and after taxation for the previous two financial years as soon as practicable after the relevant information is available.

Conditions precedent

Completion of the Acquisition is subject to the following conditions:

- (i) The Purchaser having completed its due diligence review on the business, financial, legal and other aspects of the Target and is satisfied with the results thereof;
- (ii) The Vendor having procured the Target to give and prove a good title to the Property in accordance with sections 13A and 13 of the Conveyancing and Property Ordinance; and
- (iii) The representations and warranties given by the Vendor under the Provisional Agreement remaining true and accurate in all material respects and not misleading in any material respect on the Completion Date by reference to the facts and circumstances subsisting as at that date and the Vendor having delivered to the Purchaser a confirmation in writing confirming the same.

If any of the above conditions is not fulfilled (or waived by the Purchaser) on or before the Completion Date, the Purchaser is entitled to cancel the transaction under the Provisional Agreement and to the return of deposits paid without costs or compensation, and without interest if the return is made within 3 days from the date on which the Purchaser notifies the Vendor in writing of its election to terminate the Provisional Agreement.

Consideration

The Consideration shall be in a sum of HK\$46.5 million, which shall be settled by the Purchaser in the following manner:

- (a) the sum of HK\$2.25 million, being the initial deposit, was paid on 11 March 2021 upon signing of the Provisional Agreement;
- (b) the sum of HK\$2.4 million, being the further deposit, shall be paid within 14 calendar days from the date of the Provisional Agreement; and
- (c) a sum of HK\$41.85 million, being the balance of the Consideration and subject to adjustments as described below, shall be paid upon Completion. Part of the balance will be applied towards repayment of the mortgage loan owed by the Target and discharge of the Property from the mortgage to which it is subject.

The balance of the Consideration referred to in paragraph (c) above shall be adjusted by reference to the net tangible asset value of the Target (“NTAV”) as at the Completion Date as shown by the pro forma completion accounts to be delivered by the Vendor to the Purchaser at least 7 days prior to the Completion Date. The NTAV is defined under the Provisional Agreement to mean the aggregate of all tangible assets of the Target which are readily convertible into cash or cash equivalents (excluding the Property, any intangible assets and other fixed assets, deferred tax and (if any) advances made by the Target to any person), less the aggregate of all liabilities (actual, contingent or otherwise but excluding the Sale Debt) and provisions of the Target as at the Completion Date, as well as certain audit expenses. If the NTAV is more than or less than zero, the balance of the Consideration will be adjusted upwards and downwards accordingly as the case may be. The NTAV of the Target will be confirmed by a set of audited financial statements to be delivered by the Vendor to the Purchaser or its solicitors within 30 days from the Completion Date.

The Consideration was arrived at following arm’s length negotiations between the Vendor and the Purchaser having taken into account the indicative valuation on the Property from independent valuer. The Purchaser will fund the Acquisition by internal resources of the Group.

Each of the Vendor and the Purchaser will pay the property agent service fees in the sum of HK\$465,000 on or before the Completion Date. If the Vendor or the Purchaser fails to complete the transaction in breach of his/her/its obligations, the defaulting party shall compensate the property agent in the sum of HK\$930,000. However, the Purchaser is not liable to pay the service fee to the property agent if any of the conditions precedent to the Provisional Agreement cannot be fulfilled.

Formal Agreement

Pursuant to the Provisional Agreement, the Vendor and the Purchaser shall negotiate in good faith and use all their respective reasonable endeavours to enter into the Formal Agreement within 21 days after the Vendor having delivered the title deeds in respect of the Property for the Purchaser’s due diligence review. In the event the Formal Agreement is not entered into, the Provisional Agreement will remain valid and of full force and effect.

Completion

Subject to satisfaction of the conditions precedent stated above, the Acquisition is expected to proceed to Completion on or before 21 June 2021, or such later date as the Vendor and the Purchaser may agree in writing.

Stamp Duty

All stamp duty payable in relation to the Acquisition shall be borne by the Purchaser.

INFORMATION ON THE PURCHASER AND THE VENDOR

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Vendor is an Independent Third Party and is the sole director and sole shareholder of the Target.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) trading of SMT assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment; (ii) provision of finance to its customers via a wide array of assets under finance lease arrangements and operating lease arrangements, and trading of lease assets; and (iii) investment holding.

The Directors consider that the Acquisition presents the Group with an opportunity to diversify its asset portfolio. Tapping on the positive market sentiments in the property market following the 2021 Chinese New Year, the Company believes the local property market is less susceptible to volatility resulting from the COVID-19 pandemic, and carries a positive outlook in the medium to long-term. The Company therefore considers it appropriate to start exploring suitable investment opportunities in the property sector by making small scale investment(s) relative to the Group's total assets. The Property is situated at the Mid-Levels on Hong Kong Island which is long-considered to be a prime residential area, and the Company believes the Acquisition could provide an investment opportunity for capital appreciation in the longer term, whilst the Property can be leased out to generate stable rental income.

Having considered the above, the Directors are of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of all the issued shares in the Target and shareholders’ loans owed by the Target to the Vendor by the Purchaser from the Vendor pursuant to the Provisional Agreement (or the Formal Agreement if entered into)
“Agent”	Centaline Property Agency Limited, the agent for both the Vendor and the Purchaser in respect of the Acquisition
“Board”	the board of the Directors
“Company”	North Asia Strategic Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the GEM (stock code: 8080)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Provisional Agreement (or the Formal Agreement if entered into)
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration of HK\$46.5 million paid or payable by the Purchaser in respect of the Acquisition in accordance with the terms and conditions of the Provisional Agreement (or the Formal Agreement if entered into)
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement to be entered into between the Vendor and the Purchaser in respect of the Acquisition
“Group”	the Company and its subsidiaries
“GEM”	GEM operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a person who is independent of the Company and its connected person(s)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property”	a residential unit situated at Seymour, No. 9 Seymour Road, Hong Kong with a saleable area of approximately 1,406 square feet, together with a car parking space and two motor cycle parking spaces in the same building
“Provisional Agreement”	the provisional agreement for sale and purchase dated 11 March 2021 entered into between, among others, the Purchaser and the Vendor in respect of the Acquisition
“Purchaser”	Winning Billion Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target”	Great Rich Enterprises Limited, a company incorporated in Hong Kong with limited liability, being the registered owner of the Property and the subject of the Acquisition

“Vendor” Chan Yat Pan, an Independent Third Party

“%” per cent.

On behalf of the Board
NORTH ASIA STRATEGIC HOLDINGS LIMITED
Zhang Yifan
Chairman and Executive Director

Hong Kong, 11 March 2021

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the GEM Listing Rules or 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 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.

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