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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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of North Asia Strategic Holdings Limited (the “Company”) will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on Monday, 20th February, 2006, at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

(1) **“THAT**

- (a) having determined that it is in the best interests of and for the benefit of the Company to do so, the 19 Subscription Agreements (as defined in the announcement (the “**Announcement**”) of the Company dated 30th December, 2005 and the announcement of the Company dated 16th January, 2006) excluding the AICV Subscription Agreement (as defined in the Announcement) and Timeless Subscription Agreement (as defined in the Announcement) entered into between the Company and 19 Placees excluding AICV (as defined in the Announcement) and Timeless (as defined in the Announcement) pursuant to which the Company has conditionally agreed to issue, and the Placees have conditionally agreed to subscribe for, a total of 7,383,161,786 Preference Shares (as defined in the Announcement) at an issue price of HK\$0.1566 per Preference Share, subject to the conditions contained therein (copies of the Subscription Agreements have been produced to this meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified in all respects;
- (b) the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the 19 Subscription Agreements and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;

* For identification purpose only

- (c) conditional upon the resolution numbered (4) set out in this notice being duly passed, the Directors be and are hereby authorised to allot and issue a total of 7,383,161,786 Preference Shares to the 19 Placees, pursuant to the terms of the 19 Subscription Agreements; and
- (d) the Directors be and are hereby authorised to issue Conversion Shares (as defined in the Announcement) pursuant to the terms of the 19 Subscription Agreements.”

(2) **“THAT**

- (a) the AICV Subscription Agreement entered into between the Company and AICV and the Timeless Subscription Agreement entered into between the Company and Timeless pursuant to which the Company has conditionally agreed to issue, and AICV and Timeless have conditionally agreed to subscribe for 148,659,004 and 99,106,003 Preference Shares respectively at an issue price of HK\$0.1566 per Preference Share, subject to the conditions contained therein (copies of the AICV Subscription Agreement and Timeless Subscription Agreement have been produced to this meeting marked “B” and initialed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified in all respects;
- (b) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the AICV Subscription Agreement and the Timeless Subscription Agreement and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company;
- (c) conditional upon the resolution numbered (4) set out in this notice being duly passed, the Directors be and are hereby authorised to allot and issue 148,659,004 and 99,106,003 Preference Shares to AICV and Timeless pursuant to the terms of the AICV Subscription Agreement and the Timeless Subscription Agreement respectively; and
- (d) the Directors be and are hereby authorised to issue Conversion Shares pursuant to the terms of the AICV Subscription Agreement and the Timeless Subscription Agreement respectively.”

(3) **“THAT**

- (a) having determined that it is in the best interests of and for the benefit of the Company to do so, the Services Agreement (as defined in the Announcement) entered into between the Company and NASA (as defined in the Announcement) pursuant to which NASA shall provide services to the Group (as defined in the Announcement) covering 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 (as defined in the Announcement) subject to the conditions contained therein (copy of the Services Agreement has been produced to this meeting marked “C” and initialed by the chairman of the meeting for the purpose of identification) be and is hereby approved, confirmed and ratified in all respects;

- (b) the fixing of the respective Cap Amounts (as defined in the Announcement) be and is hereby approved and confirmed;
 - (c) the Directors be and are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Directors may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the Services Agreement and to agree to such variations, amendments, supplements or waivers of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company; and
 - (d) the payment of the Placing Fee (as defined in the Services Agreement) made by the Company to NASA prior to the Start Date (as defined in the Services Agreement) be and is hereby approved and confirmed.”
- (4) **“THAT** the authorised share capital of the Company be and is hereby increased from HK\$400,000,000 divided into 40,000,000,000 ordinary shares of HK\$0.01 each, to HK\$700,000,000, (i) as to HK\$400,000,000 divided into 40,000,000,000 ordinary shares of HK\$0.01 each (“Ordinary Shares”) and (ii) as to HK\$300,000,000 divided into 30,000,000,000 preference shares of HK\$0.01 each (“Preference Shares”) having the special rights and being subject to the restrictions set out in resolution numbered (5) in this notice, and the existing issued and unissued shares of HK\$0.01 each in the capital of the Company be deemed Ordinary Shares.”
- (5) **“THAT** conditional upon the resolution numbered (4) set out in this notice being duly passed, 30,000,000,000 Preference Shares of HK\$0.01 each be created on the following terms:

1. Definitions

1.1 For the purpose of this resolution, the following terms have the corresponding meanings set out below:

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| “Adjustment Event” | means any or all of the events as described in sub-paragraphs 6.2 to 6.8 of this resolution. |
| “Business Day” | means any day, excluding Saturday, on which banks are open for business in Hong Kong. |
| “Closing” | the closing of the subscription of the Preference Shares pursuant to the Subscription Agreements. |
| “Closing Date” | the date of the closing of the subscription of the Preference Shares pursuant to the Subscription Agreements. |
| “Conversion Ratio” | means the number of Ordinary Shares into which a Preference Share is convertible, which shall be one Ordinary Share, as such ratio is adjusted pursuant to sub-paragraph 6 of this resolution. |

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| “Conversion Right” | means the right of a holder of Preference Shares to convert all or any of its Preference Shares into such number of Ordinary Shares as is determined in accordance with the Conversion Ratio. |
| “GEM” | means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. |
| “Register of Members” | means the register of the holders of Ordinary Shares and the holders of Preference Shares kept by or on behalf of the Company. |
| “Services Agreement” | means the Services Agreement entered into between the Company and North Asia Strategic Advisors, as such agreement may be amended or supplemented from time to time, or any successor agreement. |

2. Payment

- 2.1 The amount and manner of payment of the subscription price for the Preference Shares shall be as determined from time to time by the board of directors of the Company.
- 2.2 In the event the holder of any Preference Shares fails to pay the subscription price of the Preference Shares, or any portion of such subscription price on the date on which payment is due, interest shall accrue on the overdue amount from and including such date to but excluding the date on which such amount is paid in full at the rate determined by the board of directors of the Company. In the event any such amount remains unpaid for a period of 30 days after the date on which payment was due, the Preference Shares of such holder and any amount of the subscription price previously paid by such holder shall in the discretion of the board of directors of the Company be liable to forfeiture, cancellation or sale in accordance with the Bye-Laws of the Company.

3. Dividends

- 3.1 Subject to the laws of Bermuda, the holders of the Preference Shares shall be entitled to be paid out of the distributable profits of the Company available for dividends in respect of any financial year or any part thereof on a pari passu basis with the holders of the Ordinary Shares, as if the Ordinary Shares and the Preference Shares constituted one class of shares pari passu.

4. Transfer

- 4.1 The Preference Shares may be transferred only with the prior approval of the board of directors of the Company, which may condition or withhold its approval as it deems appropriate in its sole discretion. Any transfer shall be in compliance with applicable law and regulatory requirements, including the rules of any stock exchange on which the securities of the Company are listed.

- 4.2 Subject to sub-paragraph 4.1 of this resolution, Preference Shares shall be transferable by instrument of transfer in such form as may be approved by the board of directors of the Company.

5. Conversion

- 5.1 Subject to sub-paragraph 5.2 of this resolution and to the prior payment in full of the subscription price therefor, each Preference Share shall be automatically converted into Ordinary Shares (credited as fully paid) at the Conversion Ratio, subject to adjustment as provided in sub-paragraph 6 of this resolution:

- (a) on the listing of the Ordinary Shares on the Main Board of The Stock Exchange of Hong Kong Limited; or
- (b) on the fourth anniversary of the Closing Date;

whichever occurs earlier.

- 5.2 Notwithstanding anything in sub-paragraph 5.1 of this resolution to the contrary, in the event that conversion of any holder's Preference Shares to Ordinary Shares would otherwise result in such holder holding 30% or more of the issued and outstanding Ordinary Shares of the Company, or otherwise result in such holder being required to make a mandatory general offer for the Ordinary Shares of the Company under the Code on Takeovers and Mergers in Hong Kong (the "**Takeovers Code**"), or any successor code, the Company shall so notify the holder at least 45 days prior to the date of conversion and the holder shall thereupon be entitled to elect to convert such number of Preference Shares as will cause it to hold (a) 29% of the issued and outstanding Ordinary Shares of the Company or (b) if applicable, the maximum whole number percentage of the issued and outstanding Ordinary Shares of the Company it could hold without being required to make a mandatory general offer for the Ordinary Shares of the Company under the Takeovers Code. Any remaining Preference Shares held by such holder after the date of conversion may be converted by such holder on such Business day as it may specify to the Company by not less than 45 days' prior notice.

- 5.3 The Company shall, on the date of conversion of the Preference Shares to Ordinary Shares:

- (a) enter the name of each holder of Preference Shares as the holder of the relevant number of Ordinary Shares resulting from the conversion of the Preference Shares into Ordinary Shares in, and make other necessary and consequential changes to, the Register of Members; and

- (b) deliver, as soon as practicable but in any event within 10 Business Days of entry in the Register of Members, to the holder or as it directs, free of charge, such number of share certificate(s) in respect of such number of Ordinary Shares as may have been notified by such holder prior to the date of conversion (or if no such notification has been made, one share certificate in respect of such holder's entire holding of Ordinary Shares as at the date of conversion).

5.4 The Ordinary Shares resulting from the conversion of the Preference Shares shall carry the right to receive all dividends and other distributions declared, made or paid upon the ordinary share capital of the Company by reference to any record date on or after the date of conversion of the Preference Shares and shall rank pari passu in all other respects and form one class with the Ordinary Shares then in issue and fully paid.

5.5 Until such time as the Preference Shares have been converted to Ordinary Shares, the Company shall:

- (a) at all times keep available for issue and free of all liens, charges, options, mortgages, pledges, claims, equities, encumbrances and other third-party rights of any nature, and not subject to any pre-emptive rights out of its authorised but unissued share capital such number of authorised but unissued Ordinary Shares as would enable all Preference Shares to be converted to Ordinary Shares and any other rights of conversion into, subscription for or exchange into Ordinary Shares to be satisfied in full;
- (b) not make any issue, grant or distribution or take any other action if the effect would be that on the conversion of the Preference Shares to Ordinary Shares it would be required to issue Ordinary Shares below the par value thereof; and
- (c) use its best endeavours to maintain the listing of the Ordinary Shares on the GEM.

6. Adjustments to Conversion Ratio

6.1 The Conversion Ratio shall be subject to adjustment as provided in sub-paragraphs 6.2 through 6.6 of this resolution.

6.2 **Bonus Issues:** If and whenever the Company issues (other than in lieu of a cash dividend) any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Ratio immediately prior to such issue will be multiplied by the following fraction:

$$\frac{A}{B}$$

where:

A = the aggregate par value of the issued share capital of the Company immediately following such issue; and

B = the aggregate par value of the issued share capital of the Company immediately before such issue.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

- 6.3 Capital Reorganisations:** If and whenever there is any sub-division, consolidation or re-classification of Ordinary Shares which results in a change in the nominal amount of the Ordinary Shares, the Conversion Ratio immediately prior to such sub-division, consolidation or re-classification will be multiplied by the following fraction:

$$\frac{C}{D}$$

where:

C = the par value of each Ordinary Share immediately before such event; and

D = the par value of each Ordinary Share immediately following such event.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the sub-division, consolidation or reclassification becomes effective.

6.4 Capital Distributions:

- (a) If and whenever the Company makes any capital distribution (as defined below) to holders (in their capacity as such) of Ordinary Shares (whether on a reduction of capital or otherwise) or grants to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Ratio immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E}{E - F}$$

where:

E = the market price (as defined in sub-paragraph 6.4(b)(ii) below of this resolution) on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the capital distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (failing any such announcement) the day next preceding the date of the capital distribution, as determined in good faith by an approved merchant bank, of the portion of the capital distribution or of such rights which is attributable to one Ordinary Share;

provided that:

- (i) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if F meant) the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and
- (ii) the provisions of this sub-paragraph 6.4 of this resolution shall not apply in relation to the issue of Ordinary Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the capital distribution or grant.

(b) For the purpose of this sub-paragraph 6.4 of this resolution:

- (i) “**capital distribution**” shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend charged or provided for in the Company’s accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution; **provided** that any such dividend shall not be so deemed if (1) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Ordinary Shares for all financial periods after that ended 31st March, 2004 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period; or (2) to the extent that (1) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, if the lengths of such periods differ materially in the opinion of an approved merchant bank or if in the opinion of an approved merchant bank it is otherwise appropriate so to do, such adjustments may be made as are in the opinion of an approved merchant bank appropriate to the circumstances;

- (ii) “**market price**” means the average of the Closing prices of one Ordinary Share on the GEM for each of the last five trading days ending on the last such trading day preceding the day on or as of which the market price is to be ascertained; and
- (iii) “**approved merchant bank**” means a merchant bank of repute in Hong Kong selected by the Company and agreed by the holders of at least 50% of the aggregate issued Preference Shares for the purpose of providing a specific opinion or calculation or determination hereunder or, in the absence of such appointment, such merchant bank as may be appointed by the President for the time being of the Hong Kong Institute of Certified Public Accountants upon the request of either the Company or the holders of at least 50% of the Preference Shares.

6.5 Issues of Rights, Options and Warrants: If and whenever the Company offers to holders of Ordinary Shares any additional Ordinary Shares for subscription by way of rights, or shall grant to holders of Ordinary Shares any options or warrants to subscribe for additional Ordinary Shares, at a price which is less than 90% of the market price (as defined in sub-paragraph 6.4(b)(ii) above of this resolution) at the date of the announcement of the terms of the offer or grant, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + \frac{H \times I}{J}}$$

where:

G = the number of Ordinary Shares in issue immediately before the date of such announcement;

H = the aggregate number of Ordinary Shares so offered for subscription;

I = the amount (if any) payable for the right, option or warrant to subscribe for each additional Ordinary Share, plus the subscription price payable for each additional Ordinary Share; and

J = the market price of one Ordinary Share on the trading day immediately prior to such announcement.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

6.6 Issues of Convertible Securities:

- (a) If and whenever the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for additional Ordinary Shares, and the Total Effective Consideration per Ordinary Share (as defined below in this sub-paragraph 6.6 of this resolution) initially receivable for such securities is less than 90% of the market price (as defined in sub-paragraph 6.4(b)(ii) above of this resolution) at the date of the announcement of the terms of issue of such securities, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to the issue by a fraction of which:
 - (i) the denominator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares which the Total Effective Consideration for the securities issued would purchase at such market price; and
 - (ii) the numerator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of (1) the date on which the issue is announced and (2) the date on which the Company determines the conversion or exchange rate or subscription price.

- (b) In the event the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph 6.6(a) of this resolution are modified so that the Total Effective Consideration per Ordinary Share initially receivable for such securities is less than 90% of the market price (as defined in sub-paragraph 6.4(b)(ii) above of this resolution) at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to such modification by a fraction of which:
 - (i) the denominator is the number of Ordinary Shares in issue immediately before the date of such modification plus the number of Ordinary Shares which the Total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price; and
 - (ii) the numerator is the number of Ordinary Shares in issue immediately before such date of modification plus the number of Ordinary Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate, retroactively) as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purpose where it is adjusted to take account of rights or capitalization issues and other events which have given rise to adjustment of the Conversion Ratio under this sub-paragraph 6 of this resolution.

(c) For the purpose of this sub-paragraph 6.6 of this resolution:

- (i) the “**Total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights; and
- (ii) the “**Total Effective Consideration per Ordinary Share**” initially receivable for such securities shall be such aggregate consideration divided by the number of Ordinary Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

6.7 Issues of Additional Ordinary Shares for Cash: If and whenever the Company issues wholly for cash any Ordinary Shares (other than Ordinary Shares issued pursuant to any of the circumstances described in sub-paragraphs 6.5 and 6.6 above of this resolution) at a price per Ordinary Share which is less than 90% of the market price (as defined in sub-paragraph 6.4(b)(ii) above of this resolution) at the date of the announcement of the terms of such issue, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio in force immediately before the date of such announcement by a fraction of which:

- (a) the denominator is the number of Ordinary Shares in issue immediately before the date of such issue plus the number of Ordinary Shares which the aggregate amount payable for the issue would purchase at such market price; and
- (b) the numerator is the number of Ordinary Shares in issue immediately before the date of such issue plus the number of Ordinary Shares so issued.

Such adjustment shall become effective on the date of the issue.

6.8 Issues of Additional Ordinary Shares for Asset Acquisitions:

- (a) If and whenever the Company issues Ordinary Shares for the acquisition of any assets at a Total Effective Consideration per Ordinary Share (as defined below in this sub-paragraph 6.8 of this resolution) which is less than 90% of the market price (as defined in sub-paragraph 6.4(b)(ii) above of this resolution) at the date of the announcement of the terms of such issue, the Conversion Ratio shall be adjusted in such manner as may be determined by an approved merchant bank (as defined in sub-paragraph 6.4(b)(iii) above of this resolution). Such adjustment shall become effective on the date of issue.
 - (b) For the purpose of this sub-paragraph 6.8 of this resolution:
 - (i) “**Total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Ordinary Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof; and
 - (ii) the “**Total Effective Consideration per Ordinary Share**” shall be the Total Effective Consideration divided by the number of Ordinary Shares issued as aforesaid.
- 6.9 Where more than one event which gives or may give rise to an adjustment to the Conversion Ratio occurs within such a short period of time that in the opinion of an approved merchant bank (as defined in sub-paragraph 6.4(b)(iii) above of this resolution) the foregoing provisions would need to be operated subject to any modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the approved merchant bank to be in their opinion appropriate in order to give such intended result.
- 6.10 No adjustment involving a decrease in the Conversion Ratio will be made, except in the case of a consolidation of the Ordinary Shares as referred to in sub-paragraph 6.3 above of this resolution.
- 6.11 The Company shall pay the expenses of the issue of, and all expenses of obtaining a listing for, Ordinary Shares arising on conversion of the Preference Shares under this sub-paragraph 6 of this resolution.
- 6.12 For so long as any Conversion Right remains to be exercised, the Company shall:
- (a) notify each holder of Preference Shares in writing as soon as reasonably practicable after the relevant meeting of the directors and/or shareholders (whichever is the earlier) has resolved to consider or implement an Adjustment Event and, in any event so far as reasonably practicable, at least 30 Business Days prior to the date on which an Adjustment Event is to occur, specifying the prospective date of the Adjustment Event, the proposed terms of the Adjustment Event, the Conversion Ratio prior to such adjustment, and the adjusted Conversion Ratio; and

- (b) not give effect to an Adjustment Event unless a notice has been given in accordance with sub-paragraph 6.12(a) above of this resolution.

6.13 Fractions of Ordinary Shares will not be issued on conversion of the Preference Shares and accordingly, the number of Ordinary Shares to be issued upon conversion of the Preference Shares shall be rounded up if otherwise fractions of Ordinary Shares would be issued pursuant to any conversion of Preference Shares under sub-paragraph 5 above of this resolution.

7. Liquidation Preference

- 7.1 In the event of any liquidation, dissolution or winding-up (whether voluntary or involuntary) of the Company, the holders of the Preference Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Ordinary Shares or any other class or series of shares by reason of their ownership thereof, an amount equal to 100% of the subscription monies paid by the holders of the Preference Shares for the Preference Shares. If the assets and funds thus distributed among the holders of Preference Shares shall be insufficient to permit the payment to such holders of the full preferential amount applicable to such shares, then the entire assets and funds of the Company legally available for distribution shall be distributed rateably among the holders of the Preference Shares in proportion to their holdings of such shares.
- 7.2 If a surplus remains after a distribution to the holders of the Preference Shares as provided in sub-paragraph 7.1 above of this resolution, then subject to sub-paragraph 7.4 of this resolution, the holders of the Preference Shares and the holders of the Ordinary Shares shall be entitled to receive on a pari passu basis an amount equal to declared but unpaid dividends applicable to such shares. If the assets and funds thus distributed among the holders of Preference Shares and the holders of the Ordinary Shares shall be insufficient to permit the payment to such holders of the full amount of declared but unpaid dividends applicable to such shares, then subject to sub-paragraph 7.4 of this resolution, such remaining assets and funds of the Company legally available for distribution shall be distributed rateably among the holders of the Preference Shares and the holders of the Ordinary Shares in proportion to their respective holdings of such shares.
- 7.3 If a surplus remains after a distribution to the holders of the Preference Shares and the holders of the Ordinary Shares as provided in sub-paragraph 7.2 above of this resolution, then subject to sub-paragraph 7.4 of this resolution, such amount shall be distributed rateably to the holders of the Ordinary Shares and the holders of the Preference Shares in proportion to their respective holdings of such shares.
- 7.4 For the purpose of making allocations between the holders of the Preference Shares and the holders of the Ordinary Shares in relation to any distribution referred to in sub-paragraph 7.2 or 7.3 of this resolution, all Preference Shares shall be deemed to have been converted to Ordinary Shares after adjustment as provided in sub-paragraph 6 of this resolution.

8. Voting Rights

8.1 Without prejudice to sub-paragraph 11 of this resolution, the holders of Preference Shares shall not be entitled to vote at general meetings of the Company unless:

- (a) a resolution is to be proposed for the renewal of the Services Agreement, or the amendment, modification or supplementation of the Services Agreement; or
- (b) a resolution is to be proposed approving the payment of any fee to North Asia Strategic Advisors in the form of shares in the Company; or
- (c) a resolution is to be proposed at a general meeting for the winding-up of the Company; or
- (d) a resolution is to be proposed at a general meeting, which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the holders of the Preference Shares;

in which event the Preference Shares shall confer on the holders thereof the right to receive notice of, and to attend, participate and vote (either in person or by proxy) at that general meeting; save that such holders may not vote upon any business dealt with at such general meeting except (i) the election of a chairman of the meeting, (ii) any motion for adjournment of such general meeting and (iii) any resolution of the type described in (a) through (d) above. If the holders of Preference Shares are entitled to vote at a general meeting in accordance with this sub-paragraph 8.1 of this resolution, each Preference Share shall confer on its holder one vote.

8.2 Unless otherwise provided by the terms of issue of the Preference Shares, all or any of the rights or privileges attached to the 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% of the votes cast at such meeting of the holders of the Preference Shares.

8.3 Each holder of Preference Shares shall be entitled to receive copies of all notices of any general meeting of the Company and all other documents sent to holders of Ordinary Shares at the same time as they are respectively sent to holders of Ordinary Shares and shall be entitled to attend general meetings of the Company, whether or not such holder has a right to vote thereat.

9. Register of Members

- 9.1 The Company shall at all times cause a Register of Members to be maintained at its registered office showing the number of Preference Shares held by each holder thereof and the date of issue and all subsequent transfers and changes of ownership of all Preference Shares and the names and address of each of the holders of Preference Shares and the persons deriving title under them. Holders of Preference Shares or any of them and any person authorised by any of them shall be at liberty at all reasonable times during office hours to inspect the Register of Members and to take copies of or extracts from the same or any part of it.
- 9.2 Any change of name or address on the part of a holder of Preference Shares shall be notified by such holder to the Company as soon as is reasonably practicable, and the Company shall alter the Register of Members accordingly.

10. Redemption

- 10.1 The Preference Shares are not redeemable.

11. Restrictive Covenants

- 11.1 Without prejudice to sub-paragraph 8 of this resolution, so long as any of the Preference Shares are in issue, the Company shall not without first obtaining a resolution passed at a separate general meeting of the holders of the Preference Shares, or by written consent of all holders of the Preference Shares:
- (a) authorise, create, allot, issue or permit to exist any class of share capital that is senior to or has preference in any respect over the Preference Shares (including, without limitation, in respect of sub-paragraphs 3 and 7 above of this resolution) (“**Senior Securities**”) whether by merger, consolidation, amalgamation or otherwise;
 - (b) reclassify, redesignate, convert or exchange any shares of any capital or capital stock of the Company into Senior Securities, whether by merger, consolidation, amalgamation or otherwise;
 - (c) authorise, create, allot, issue or permit to exist any securities exchangeable for, convertible into, or evidencing the right to subscribe for any Senior Securities, whether by merger, consolidation, amalgamation or otherwise;
 - (d) authorise, create, allot, issue or permit to exist any class or series of equity securities, or any shares of any class or series of equity securities, or any securities convertible into or exercisable for any class or series of equity securities, redeemable mandatorily or redeemable at the option of the holder thereof at any time on or prior to the conversion of the Preference Shares (whether or not only upon the occurrence of a specified event, or by merger, consolidation, amalgamation or otherwise);

- (e) amend, alter or repeal any provision of the bye-laws of the Company, or authorise or take any other action which would require the approval of the Shareholders, to alter or change the powers, preferences, designations, rights, qualifications, limitations or restrictions of the Preference Shares or any other securities of the Company so as to affect the Preference Shares in any material adverse respect (whether by merger, consolidation, amalgamation or otherwise); or
- (f) amend, alter or repeal this sub-paragraph 11 of this resolution.

12. Partly Paid-up Preference Shares

Notwithstanding any provisions to the contrary in this resolution, sub-paragraphs 3 to 11 of this resolution shall at all times apply to any partly paid-up Preference Share as if such shares were fully paid-up, and for the avoidance of doubt, 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.”

- (6) “**THAT**, conditional upon the resolutions numbered (1) to (5) as set out in this notice being duly passed, and having determined that it is in the best interests of and for the benefit of the Company to do so, the agreement (the “**Waiver Agreement**”) to be entered into between the Company, North Asia Strategic Acquisition Corp. and Moses Kwok Tai Tsang (a copy of the substantially final form of which has been produced to this meeting marked “D” and initialed by the chairman of the meeting for the purpose of identification), whereby the parties thereto agree and consent to waive any requirement to adjust the conversion price of the Convertible Bonds (as defined in the Announcement) pursuant to Condition 6.9(e) of the conditions of the Convertible Bonds arising from the issue of the Preference Shares, including any subsequent conversion of the Preference Shares into Shares, be and is hereby approved in all respects, and that any two directors of the Company or any one director and the secretary of the Company be and are hereby authorised, in the name and on behalf of the Company, to execute and deliver the Waiver Agreement and to affix the common seal of the Company thereon, with such changes thereto as such authorised persons may approve, such approval to be conclusively evidenced by such authorised persons’ execution and delivery thereof.”

SPECIAL RESOLUTION

- (7) “**THAT** the bye-laws of the Company be and are hereby amended by:
 - (a) inserting the following new definition of “Adjustment Event” in Bye-law 1 immediately after the definition of “Act”:

““Adjustment Event” means any or all of the events as described in Bye-laws 9A.1 to 9A.7.”

- (b) inserting the following new definition of “Business Day” in Bye-law 1 immediately after the definition of “Auditor”:

““Business Day” means any day, excluding Saturday, on which banks are open for business in Hong Kong.”

- (c) inserting the following new definition of “Closing Date” in Bye-law 1 immediately after the definition of “clearing house”:

““Closing Date” the date of the closing of the subscription of the Preference Shares pursuant to the relevant subscription agreements executed between the Company and the relevant subscribers dated 16th, 19th, 23rd, 26th, 27th, September 2005, 10th, 19th, 31st October, 2005, 7th, 9th, 15th November, 2005, and 16th January, 2006.”

- (d) inserting the following new definitions of “Conversion Ratio” and “Conversion Right” in Bye-law 1 immediately after the definition of “competent regulatory authority”:

““Conversion Ratio” means the number of Ordinary Shares into which a Preference Share is convertible, which shall be one Ordinary Share, as such ratio is adjusted pursuant to Bye-law 9A.5.

“Conversion Right” means the right of a holder of Preference Shares to convert all or any of its Preference Shares into such number of Ordinary Shares as is determined in accordance with the Conversion Ratio.”

- (e) inserting the following new definition of “GEM” in Bye-law 1 immediately after the definition of ““dollar” and “\$””:

““GEM” means the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.”

- (f) inserting the following new definition of “Ordinary Shares” in Bye-law 1 immediately after the definition of “Notice”:

““Ordinary Shares” means ordinary shares of \$0.01 each in the capital of the Company.”

- (g) inserting the following new definition of “Preference Shares” in Bye-law 1 immediately after the definition of “paid-up”:

““Preference Shares” means preference shares of \$0.01 each in the capital of the Company having the rights and obligations set out in these Bye-laws.”

- (h) inserting the following new definition of “Register of Members” in Bye-law 1 immediately after the definition of “Register”:

““Register of Members” means the register of the holders of Ordinary Shares and the holders of Preference Shares kept by or on behalf of the Company.”

- (i) inserting the following new definitions of “Services Agreement” and “shares” in Bye-law 1 immediately after the definition of “Secretary”:

““Services Agreement” means the services agreement entered into between the Company and North Asia Strategic Advisors, as such agreement may be amended or supplemented from time to time, or any successor agreement.

“shares” means Preference Shares and/or Ordinary Shares, as the case may require.”

- (j) deleting the figure “\$0.10” in Bye-law 3 and placing therewith the figure “\$0.01”;

- (k) inserting the following paragraph as new Bye-law 9A immediately after Bye-law 9:

“9A. The rights and restrictions attaching to the Preference Shares are as follows:

9A.1 Payment

- (i) The amount and manner of payment of the subscription price for the Preference Shares shall be as determined from time to time by the Board of the Company.
- (ii) In the event the holder of any Preference Shares fails to pay the subscription price of the Preference Shares, or any portion of such subscription price on the date on which payment is due, interest shall accrue on the overdue amount from and including such date to but excluding the date on which such amount is paid in full at the rate determined by the Board of the Company. In the event any such amount remains unpaid for a period of 30 days after the date on which payment was due, the Preference Shares of such holder and any amount of the subscription price previously paid by such holder shall in the discretion of the Board of the Company be liable to forfeiture, cancellation or sale.

9A.2 Dividends

- (i) Subject to the laws of Bermuda, the holders of the Preference Shares shall be entitled to be paid out of the distributable profits of the Company available for dividends in respect of any financial year or any part thereof on a pari passu basis with the holders of the Ordinary Shares, as if the Ordinary Shares and the Preference Shares constituted one class of shares pari passu.

9A.3 Transfer

- (i) The Preference Shares may be transferred only with the prior approval of the Board of the Company, which may condition or withhold its approval as it deems appropriate in its sole discretion. Any transfer shall be in compliance with applicable law and regulatory requirements, including the rules of any stock exchange on which the securities of the Company are listed.
- (ii) Subject to Bye-law 9A.3(i), Preference Shares shall be transferable by instrument of transfer in such form as may be approved by the Board of the Company.

9A.4 Conversion

- (i) Subject to Bye-law 9A.4(ii) and to the prior payment in full of the subscription price therefor, each Preference Share shall be automatically converted into Ordinary Shares (credited as fully paid) at the Conversion Ratio, subject to adjustment as provided in Bye-law 9A.5:
 - (a) on the listing of the Ordinary Shares on the Main Board of The Stock Exchange of Hong Kong Limited; or
 - (b) on the fourth anniversary of the Closing Date;whichever occurs earlier.
- (ii) Notwithstanding anything in Bye-law 9A.4(i) to the contrary, in the event that conversion of any holder's Preference Shares to Ordinary Shares would otherwise result in such holder holding 30% or more of the issued and outstanding Ordinary Shares of the Company, or otherwise result in such holder being required to make a mandatory general offer for the Ordinary Shares of the Company under the Code on Takeovers and Mergers in Hong Kong (the “**Takeovers Code**”, or any successor code, the Company shall so notify the holder at least 45 days prior to the date of conversion and the holder shall thereupon be entitled to elect to convert such number of Preference Shares as will cause it to hold,
 - (a) 29% of the issued and outstanding Ordinary Shares of the Company, or
 - (b) if applicable, the maximum whole number percentage of the issued and outstanding Ordinary Shares of the Company it could hold without being required to make a mandatory general offer for the Ordinary Shares of the Company under the Takeovers Code. Any remaining Preference Shares held by such holder after the date of conversion may be converted by such holder on such Business Day as it may specify to the Company by not less than 45 days' prior notice.

- (iii) The Company shall, on the date of conversion of the Preference Shares to Ordinary Shares:
 - (a) enter the name of each holder of Preference Shares as the holder of the relevant number of Ordinary Shares resulting from the conversion of the Preference Shares into Ordinary Shares in, and make other necessary and consequential changes to, the Register of Members; and
 - (b) deliver, as soon as practicable but in any event within 10 Business Days of entry in the Register of Members, to the holder or as it directs, free of charge, such number of share certificate(s) in respect of such number of Ordinary Shares as may have been notified by such holder prior to the date of conversion (or if no such notification has been made, one share certificate in respect of such holder's entire holding of Ordinary Shares as at the date of conversion).
- (iv) The Ordinary Shares resulting from the conversion of the Preference Shares shall carry the right to receive all dividends and other distributions declared, made or paid upon the ordinary share capital of the Company by reference to any record date on or after the date of conversion of the Preference Shares and shall rank pari passu in all other respects and form one class with the Ordinary Shares then in issue and fully paid.
- (v) Until such time as the Preference Shares have been converted to Ordinary Shares, the Company shall:
 - (a) at all times keep available for issue and free of all liens, charges, options, mortgages, pledges, claims, equities, encumbrances and other third-party rights of any nature, and not subject to any pre-emptive rights out of its authorised but unissued share capital such number of authorised but unissued Ordinary Shares as would enable all Preference Shares to be converted to Ordinary Shares and any other rights of conversion into, subscription for or exchange into Ordinary Shares to be satisfied in full;
 - (b) not make any issue, grant or distribution or take any other action if the effect would be that on the conversion of the Preference Shares to Ordinary Shares it would be required to issue Ordinary Shares below the par value thereof; and
 - (c) use its best endeavours to maintain the listing of the Ordinary Shares on the GEM.

9A.5 Adjustments to Conversion Ratio

- (i) The Conversion Ratio shall be subject to adjustment as provided in Bye-laws 9A.5(ii) through 9A.5(vi).

- (ii) **Bonus Issues:** If and whenever the Company issues (other than in lieu of a cash dividend) any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Ratio immediately prior to such issue will be multiplied by the following fraction:

$$\frac{A}{B}$$

where:

A = the aggregate par value of the issued share capital of the Company immediately following such issue; and

B = the aggregate par value of the issued share capital of the Company immediately before such issue.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.

- (iii) **Capital Reorganisations:** If and whenever there is any sub-division, consolidation or re-classification of Ordinary Shares which results in a change in the nominal amount of the Ordinary Shares, the Conversion Ratio immediately prior to such sub-division, consolidation or re-classification will be multiplied by the following fraction:

$$\frac{C}{D}$$

where:

C = the par value of each Ordinary Share immediately before such event; and

D = the par value of each Ordinary Share immediately following such event.

Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the sub-division, consolidation or reclassification becomes effective.

(iv) Capital Distributions:

- (a) If and whenever the Company makes any capital distribution (as defined below) to holders (in their capacity as such) of Ordinary Shares (whether on a reduction of capital or otherwise) or grants to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Ratio immediately prior to such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{E}{E - F}$$

where:

E = the market price (as defined in Bye-law 9A.5(iv) (b)(ii) below) on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) next preceding the date of the capital distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (failing any such announcement) the day next preceding the date of the capital distribution, as determined in good faith by an approved merchant bank, of the portion of the capital distribution or of such rights which is attributable to one Ordinary Share;

provided that:

- (i) if in the opinion of the relevant approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if F meant) the amount of the said market price which should properly be attributed to the value of the capital distribution or rights; and
- (ii) the provisions of this Bye-law 9A.5(iv) shall not apply in relation to the issue of Ordinary Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the capital distribution or grant.

- (b) For the purpose of this Bye-law 9A.5(iv):
- (i) “capital distribution” shall (without prejudice to the generality of that phrase) include distributions in cash or specie, and any dividend charged or provided for in the Company’s accounts for any financial period shall (whenever paid and however described) be deemed to be a capital distribution; **provided** that any such dividend shall not be so deemed if (1) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Ordinary Shares for all financial periods after that ended 31st March, 2004 as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period; or (2) to the extent that (1) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, if the lengths of such periods differ materially in the opinion of an approved merchant bank or if in the opinion of an approved merchant bank it is otherwise appropriate so to do, such adjustments may be made as are in the opinion of an approved merchant bank appropriate to the circumstances;
 - (ii) “market price” means the average of the closing prices of one Ordinary Share on the GEM for each of the last five trading days ending on the last such trading day preceding the day on or as of which the market price is to be ascertained; and
 - (iii) “approved merchant bank” means a merchant bank of repute in Hong Kong selected by the Company and agreed by the holders of at least 50% of the aggregate issued Preference Shares for the purpose of providing a specific opinion or calculation or determination hereunder or, in the absence of such appointment, such merchant bank as may be appointed by the President for the time being of the Hong Kong Institute of Certified Public Accountants upon the request of either the Company or the holders of at least 50% of the Preference Shares.
- (v) Issues of Rights, Options and Warrants: If and whenever the Company offers to holders of Ordinary Shares any additional Ordinary Shares for subscription by way of rights, or shall grant to holders of Ordinary Shares any options or warrants to subscribe for additional Ordinary Shares, at a price which is less than 90% of the market price (as defined in Bye-law 9A.5(iv) (b)(ii) above) at

the date of the announcement of the terms of the offer or grant, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio in force immediately before the date of the announcement of such offer or grant by the following fraction:

$$\frac{G + H}{G + \frac{H \times I}{J}}$$

where:

G = the number of Ordinary Shares in issue immediately before the date of such announcement;

H = the aggregate number of Ordinary Shares so offered for subscription;

I = the amount (if any) payable for the right, option or warrant to subscribe for each additional Ordinary Share, plus the subscription price payable for each additional Ordinary Share; and

J = the market price of one Ordinary Share on the trading day immediately prior to such announcement.

Such adjustment shall become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant.

(vi) Issues of Convertible Securities:

(a) If and whenever the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for additional Ordinary Shares, and the Total Effective Consideration per Ordinary Share (as defined below in this Bye-law 9A.5(vi)) initially receivable for such securities is less than 90% of the market price (as defined in Bye-law 9A.5(iv) (b)(ii) above) at the date of the announcement of the terms of issue of such securities, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to the issue by a fraction of which:

(i) the denominator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares which the Total Effective Consideration for the securities issued would purchase at such market price; and

- (ii) the numerator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate retroactively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of (1) the date on which the issue is announced and (2) the date on which the Company determines the conversion or exchange rate or subscription price.

- (b) In the event the rights of conversion or exchange or subscription attached to any such securities as are mentioned in Bye-law 9A.5(vi) (a) are modified so that the Total Effective Consideration per Ordinary Share initially receivable for such securities is less than 90% of the market price (as defined in Bye-law 9A.5(iv) (b)(ii) above) at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio immediately prior to such modification by a fraction of which:

- (i) the denominator is the number of Ordinary Shares in issue immediately before the date of such modification plus the number of Ordinary Shares which the Total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price; and
- (ii) the numerator is the number of Ordinary Shares in issue immediately before such date of modification plus the number of Ordinary Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price.

Such adjustment shall become effective (if appropriate, retroactively) as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purpose where it is adjusted to take account of rights or capitalization issues and other events which have given rise to adjustment of the Conversion Ratio under this Bye-law 9A.5.

- (c) For the purpose of this Bye-law 9A.5(vi)
 - (i) the “Total Effective Consideration” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights; and
 - (ii) the “Total Effective Consideration per Ordinary Share” initially receivable for such securities shall be such aggregate consideration divided by the number of Ordinary Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.
- (vii) Issues of Additional Ordinary Shares for Cash: If and whenever the Company issues wholly for cash any Ordinary Shares (other than Ordinary Shares issued pursuant to any of the circumstances described in Bye-laws 9A.5(v) and (vi) above) at a price per Ordinary Share which is less than 90% of the market price (as defined in Bye-law 9A.5(iv) (b)(ii) above) at the date of the announcement of the terms of such issue, the Conversion Ratio shall be adjusted by multiplying the Conversion Ratio in force immediately before the date of such announcement by a fraction of which:
 - (a) the denominator is the number of Ordinary Shares in issue immediately before the date of such issue plus the number of Ordinary Shares which the aggregate amount payable for the issue would purchase at such market price; and
 - (b) the numerator is the number of Ordinary Shares in issue immediately before the date of such issue plus the number of Ordinary Shares so issued.

Such adjustment shall become effective on the date of the issue.

(viii) Issues of Additional Ordinary Shares for Asset Acquisitions:

- (a) If and whenever the Company issues Ordinary Shares for the acquisition of any assets at a Total Effective Consideration per Ordinary Share (as defined below in this Bye-law 9A.5(viii)) which is less than 90% of the market price (as defined in Bye-law 9A.5(iv) (b)(ii) above) at the date of the announcement of the terms of such issue, the Conversion Ratio shall be adjusted in such manner as may be determined by an approved merchant bank (as defined in Bye-law 9A.5(iv) (b)(iii) above). Such adjustment shall become effective on the date of issue.

- (b) For the purpose of this Bye-law 9A.5(viii):
 - (i) “Total Effective Consideration” shall be the aggregate consideration credited as being paid for such Ordinary Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof; and
 - (ii) the “Total Effective Consideration per Ordinary Share” shall be the Total Effective Consideration divided by the number of Ordinary Shares issued as aforesaid.
- (ix) Where more than one event which gives or may give rise to an adjustment to the Conversion Ratio occurs within such a short period of time that in the opinion of an approved merchant bank (as defined in Bye-law 9A.5(iv) (b)(iii) above) the foregoing provisions would need to be operated subject to any modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by the approved merchant bank to be in their opinion appropriate in order to give such intended result.
- (x) No adjustment involving a decrease in the Conversion Ratio will be made, except in the case of a consolidation of the Ordinary Shares as referred to in Bye-law 9A.5(iii) above.
- (xi) The Company shall pay the expenses of the issue of, and all expenses of obtaining a listing for, Ordinary Shares arising on conversion of the Preference Shares under this Bye-law 9A.5.
- (xii) For so long as any Conversion Right remains to be exercised, the Company shall:
 - (a) notify each holder of Preference Shares in writing as soon as reasonably practicable after the relevant meeting of the directors and/or shareholders (whichever is the earlier) has resolved to consider or implement an Adjustment Event and, in any event so far as reasonably practicable, at least 30 Business Days prior to the date on which an Adjustment Event is to occur, specifying the prospective date of the Adjustment Event, the proposed terms of the Adjustment Event, the Conversion Ratio prior to such adjustment, and the adjusted Conversion Ratio; and
 - (b) not give effect to an Adjustment Event unless a notice has been given in accordance with Bye-law 9A.5(xii) (a) above.

- (xiii) Fractions of Ordinary Shares will not be issued on conversion of the Preference Shares and accordingly, the number of Ordinary Shares to be issued upon conversion of the Preference Shares shall be rounded up if otherwise fractions of Ordinary Shares would be issued pursuant to any conversion of Preference Shares under Bye-law 9A.4 above.

9A.6 Liquidation Preference

- (i) In the event of any liquidation, dissolution or winding-up (whether voluntary or involuntary) of the Company, the holders of the Preference Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of the Ordinary Shares or any other class or series of shares by reason of their ownership thereof, an amount equal to 100% of the subscription monies paid by the holders of the Preference Shares for the Preference Shares. If the assets and funds thus distributed among the holders of Preference Shares shall be insufficient to permit the payment to such holders of the full preferential amount applicable to such shares, then the entire assets and funds of the Company legally available for distribution shall be distributed rateably among the holders of the Preference Shares in proportion to their holdings of such shares.
- (ii) If a surplus remains after a distribution to the holders of the Preference Shares as provided in Bye-law 9A.6(i) above, then subject to Bye-law 9A.6(iv), the holders of the Preference Shares and the holders of the Ordinary Shares shall be entitled to receive on a pari passu basis an amount equal to declared but unpaid dividends applicable to such shares. If the assets and funds thus distributed among the holders of Preference Shares and the holders of the Ordinary Shares shall be insufficient to permit the payment to such holders of the full amount of declared but unpaid dividends applicable to such shares, then subject to Bye-law 9A.6(iv), such remaining assets and funds of the Company legally available for distribution shall be distributed rateably among the holders of the Preference Shares and the holders of the Ordinary Shares in proportion to their respective holdings of such shares.
- (iii) If a surplus remains after a distribution to the holders of the Preference Shares and the holders of the Ordinary Shares as provided in Bye-law 9A.6(ii) above, then subject to Bye-law 9A.6(iv), such amount shall be distributed rateably to the holders of the Ordinary Shares and the holders of the Preference Shares in proportion to their respective holdings of such shares.
- (iv) For the purpose of making allocations between the holders of the Preference Shares and the holders of the Ordinary Shares in relation to any distribution referred to in Bye-law 9A.6(ii) or (iii), all Preference Shares shall be deemed to have been converted to Ordinary Shares after adjustment as provided in Bye-law 9A.5.

9A.7 Voting Rights

- (i) Without prejudice to Bye-law 9A.10, the holders of Preference Shares shall not be entitled to vote at general meetings of the Company unless:
 - (a) a resolution is to be proposed for the renewal of the Services Agreement, or the amendment, modification or supplementation of the Services Agreement; or
 - (b) a resolution is to be proposed approving the payment of any fee to North Asia Strategic Advisors in the form of shares in the Company; or
 - (c) a resolution is to be proposed at a general meeting for the winding-up of the Company; or
 - (d) a resolution is to be proposed at a general meeting, which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights or privileges of the holders of the Preference Shares;

in which event the Preference Shares shall confer on the holders thereof the right to receive notice of, and to attend, participate and vote (either in person or by proxy) at that general meeting; save that such holders may not vote upon any business dealt with at such general meeting except (i) the election of a chairman of the meeting, (ii) any motion for adjournment of such general meeting and (iii) any resolution of the type described in (a) through (d) above. If the holders of Preference Shares are entitled to vote at a general meeting in accordance with this Bye-law 9A.7(i) each Preference Share shall confer on its holder one vote.

- (ii) Unless otherwise provided by the terms of issue of the Preference Shares, all or any of the rights or privileges attached to the 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% of the votes cast at such meeting of the holders of the Preference Shares.
- (iii) Each holder of Preference Shares shall be entitled to receive copies of all notices of any general meeting of the Company and all other documents sent to holders of Ordinary Shares at the same time as they are respectively sent to holders of Ordinary Shares and shall be entitled to attend general meetings of the Company, whether or not such holder has a right to vote thereat.

9A.8 Register of Members

- (i) The Company shall at all times cause a Register of Members to be maintained at its registered office showing the number of Preference Shares held by each holder thereof and the date of issue and all subsequent transfers and changes of ownership of all Preference Shares and the names and address of each of the holders of Preference Shares and the persons deriving title under them. Holders of Preference Shares or any of them and any person authorised by any of them shall be at liberty at all reasonable times during office hours to inspect the Register of Members and to take copies of or extracts from the same or any part of it.
- (ii) Any change of name or address on the part of a holder of Preference Shares shall be notified by such holder to the Company as soon as is reasonably practicable, and the Company shall alter the Register of Members accordingly.

9A.9 Redemption

- (i) The Preference Shares are not redeemable.

9A.10 Restrictive Covenants

- (i) Notwithstanding any provisions in these Bye-laws and without prejudice to Bye-law 9A.7, so long as any of the Preference Shares are in issue, the Company shall not without first obtaining a resolution passed at a separate general meeting of the holders of the Preference Shares, or by written consent of all holders of the Preference Shares:
 - (a) authorise, create, allot, issue or permit to exist any class of share capital that is senior to or has preference in any respect over the Preference Shares (including, without limitation, in respect of Bye-laws 9A.2 and 9A.6 above) (“Senior Securities”) whether by merger, consolidation, amalgamation or otherwise;
 - (b) reclassify, redesignate, convert or exchange any shares of any capital or capital stock of the Company into Senior Securities, whether by merger, consolidation, amalgamation or otherwise;
 - (c) authorise, create, allot, issue or permit to exist any securities exchangeable for, convertible into, or evidencing the right to subscribe for any Senior Securities, whether by merger, consolidation, amalgamation or otherwise;

- (d) authorise, create, allot, issue or permit to exist any class or series of equity securities, or any shares of any class or series of equity securities, or any securities convertible into or exercisable for any class or series of equity securities, redeemable mandatorily or redeemable at the option of the holder thereof at any time on or prior to the conversion of the Preference Shares (whether or not only upon the occurrence of a specified event, or by merger, consolidation, amalgamation or otherwise);
- (e) amend, alter or repeal any provision of these Bye-laws, or authorise or take any other action which would require the approval of the Shareholders, to alter or change the powers, preferences, designations, rights, qualifications, limitations or restrictions of the Preference Shares or any other securities of the Company so as to affect the Preference Shares in any material adverse respect (whether by merger, consolidation, amalgamation or otherwise); or
- (f) amend, alter or repeal this Bye-law 9A.

9A.11 Partly Paid-up Preference Shares

Notwithstanding any provisions to the contrary in these Bye-laws, Bye-law 9A.2 to 9A.10 shall at all times apply to any partly paid-up Preference Share as if such shares were fully paid-up, and for the avoidance of doubt, 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.”;

- (l) amending Bye-law 66 by:
 - (i) inserting the words “voting by way of a poll is required by the rules of the Designated Stock Exchange or” after the words “on a show of hands unless” in the third sentence of Bye-law 66; and
 - (ii) deleting the full-stop at the end of Bye-law 66(d) and replacing therewith a semicolon and the word “or” and inserting the following as new Bye-law 66(e):

“(e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.”
- (m) deleting the second sentence of Bye-law 68 and substituting therefor the following:

“The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

- (n) inserting the words “or at any special general meeting” after the words “in accordance with Bye-law 87” in the third sentence of Bye-law 86(1).
- (o) deleting the existing Bye-law 87(1) in its entirety and substituting therefor the following:
- “87. (1) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.”

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

Hong Kong, 24th January, 2006

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal
Place of Business in Hong Kong:*
78th Floor
The Center
99 Queen’s Road Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or, if he holds two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the relevant power of attorney or other authority (if any) under which it is signed (or a certified true copy thereof) must be deposited at the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.
3. The Bye-laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of resolution no. 7 above on amendments of the Bye-laws is purely a translation only. Should there be any discrepancies, the English version will prevail.

As at the date of this announcement, the Board comprises Mr. Göran Sture Malm (Chairman), Mr. Savio Chow Sing Nam (Chief Executive Officer), Mr. Henry Cho Kim, Mr. Andrew Yao Cho Fai and Mr. Desmond Fu Hay Ching (being the executive Directors), Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching and Mr. Edgar Kwan Chi Ping (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.