

NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8080)

THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2009

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of North Asia Strategic Holdings Limited (the “Directors” or the “Board”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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.

* For identification purpose only

Across our businesses, we are continuing to see strengthening and stabilisation of customer demand and prices. With actions taken during the downturn and improvement in the economy, our business has continued its earnings improvement trend in the three months ended 31st December 2009 (“the third quarter”) and the nine months ended on the same day (“the 9-month period”). We continue to monitor the economy but with improving business outlook, the management teams are accelerating the growth plans that were in execution before the downturn to increase company value and work on plans to realise shareholder value in the medium term.

HIGHLIGHTS

Financial Highlights

9-Month

- Total unaudited consolidated revenue for the 9-month period was approximately HK\$2,299,872,000, representing an increase of approximately 32.3% from the same period last year.
- Total unaudited consolidated net profit attributable to equity holders of the Company for the 9-month period was approximately HK\$8,660,000, an improvement of approximately 113.0% from the same period last year.

3-Month

- During the third quarter, the Group recorded an unaudited consolidated revenue of approximately HK\$796,745,000 and unaudited consolidated net profit attributable to equity holders of the Company of approximately HK\$8,532,000.
- This was an improvement of about 77.2% from an unaudited consolidated net profit attributable to equity holders of the Company in the preceding quarter of approximately HK\$4,816,000.

Operational Highlights

- During the third quarter and the 9-month period, the Group shared 40% revenue and net profit of our jointly-controlled fishmeal and seafood product division of approximately HK\$435,715,000 and HK\$21,440,000 respectively.
- During the third quarter and the 9-month period, revenue and net loss generated from the start-up branded food division were approximately HK\$81,060,000 and HK\$22,183,000 respectively.
- During the third quarter and the 9-month period, revenue and net profit generated from the hi-tech distribution and services division were approximately HK\$504,373,000 and HK\$7,286,000 respectively.

- During the third quarter and the 9-month period, the Group shared 33.74% revenue and net profit of our jointly-controlled chemical operation division of approximately HK\$1,278,724,000 and HK\$60,850,000 respectively.
- Unaudited consolidated total equity attributable to equity holders of the Company was approximately HK\$1,977,414,000 as at 31st December 2009, which was more than the corresponding figure of approximately HK\$1,927,077,000 as at 31st March 2009 by approximately HK\$50,337,000.

CAPITAL STRUCTURE

- As at 31st December 2009, the Company has in issue a total of 95,794,716 ordinary shares and a total of 13,373,254,851 preference shares, with a par value of HK\$0.01 each.
- The preference shares are non-redeemable and are convertible into ordinary shares in the Company at a conversion ratio of one preference share into one ordinary share, subject to customary anti-dilution adjustments.
- The preference shares will be automatically converted into ordinary shares in the Company on 28th February 2010.
- The Company also has outstanding convertible bonds with face value of HK\$20,000,000, which will mature in August 2010 or can be converted into a total of approximately 127,713,920 ordinary shares in the Company, with a par value of HK\$0.01 each, at the holders' option, at HK\$0.1566 per share.
- Upon full conversion of the preference shares at the 1-to-1 conversion ratio and assuming that the holders of the outstanding convertible bonds do not exercise the conversion rights attached to the convertible bonds, the equity stake of the existing ordinary shareholders and the preference shareholders in the Company's enlarged ordinary share capital then in issue as of the conversion date on 28th February 2010 will be approximately 0.7% and 99.3% respectively.
- Upon full conversion of the preference shares at the 1-to-1 conversion ratio and assuming that the outstanding convertible bonds are fully converted on 28th February 2010, the equity stake of the existing ordinary shareholders, the preference shareholders and the convertible bonds holders in the Company's enlarged ordinary share capital then in issue will be approximately 0.7%, 98.4% and 0.9% respectively.

RESULTS

The following are the unaudited condensed consolidated results of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively, the “Group” or “NAS Group”) and its jointly-controlled entities for the nine months and three months ended 31st December 2009 together with the comparative unaudited figures for the corresponding periods in 2008:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the nine months ended 31st December		For the three months ended 31st December	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (Restated)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited) (Restated)
Revenue	3	2,299,872	1,738,913	796,745	543,169
Cost of sales		(1,994,954)	(1,551,293)	(675,952)	(489,029)
Gross profit		304,918	187,620	120,793	54,140
Other gains		29,424	2,042	539	186
Selling and distribution expenses		(145,476)	(101,712)	(52,217)	(38,881)
General and administrative expenses		(129,759)	(133,453)	(43,006)	(49,501)
Operating profit/(loss)		59,107	(45,503)	26,109	(34,056)
Finance income	4	4,689	38,897	1,435	13,145
Finance costs	4	(30,483)	(70,852)	(7,358)	(33,780)
Profit/(loss) before income tax		33,313	(77,458)	20,186	(54,691)
Income tax expense/(credit)	5	(24,788)	10,961	(11,683)	8,921
Profit/(loss) for the period		8,525	(66,497)	8,503	(45,770)
Profit/(loss) for the period attributable to:					
Equity holders of the Company		8,660	(66,604)	8,532	(45,782)
Non-controlling interests		(135)	107	(29)	12
		8,525	(66,497)	8,503	(45,770)
Profit/(loss) per share for the period attributable to the equity holders of the Company					
— Basic (<i>HK cents</i>)	6	9.04	(69.53)	8.91	(47.79)
— Diluted (<i>HK cents</i>)	6	0.07	(69.53)	0.07	(47.79)

The notes are an integral part of this unaudited condensed consolidated financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended 31st December		For the three months ended 31st December	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Profit/(loss) for the period	8,525	(66,497)	8,503	(45,770)
Exchange differences on translation of foreign operations	40,967	(30,404)	4,763	(5,171)
Disposal of subsidiaries	—	(1,054)	—	—
Increase/(decrease) in fair value of available-for-sale financial assets	710	(1,259)	89	—
Other comprehensive income for the period, net of tax	41,677	(32,717)	4,852	(5,171)
Total comprehensive income for the period, net of tax	50,202	(99,214)	13,355	(50,941)
Attributable to:				
Equity holders of the Company	50,337	(99,321)	13,384	(50,953)
Non-controlling interests	(135)	107	(29)	12
	50,202	(99,214)	13,355	(50,941)

The notes are an integral part of this unaudited condensed consolidated financial information.

Notes:

1 GENERAL INFORMATION

North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively, the “Group” or “NAS Group”) and its jointly-controlled entities principally engaged in the following businesses:

- trading and provision of services in hi-tech industry, including trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- processing and sale of fishmeal, refining and sale of fish oil, manufacturing and sale of aquatic feed products and trading of other raw materials relating to aquatic feeds;
- developing and operating Burger King restaurants in Hong Kong and Macau;
- manufacturing of polyester fiber, PET resin and spandex; and
- investment holding.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and of its principal place of business is 78th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

The Company’s ordinary shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This unaudited condensed consolidated financial information is presented in thousand of Hong Kong dollars, unless otherwise stated.

This unaudited condensed consolidated financial information has been approved for issue by the Company’s Board of Directors on 28th January 2010.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial information has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”).

The accounting policies used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March 2009 except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants that are adopted for the first time for the current period’s financial information.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payments — Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation</i>

3 TURNOVER AND REVENUE

Turnover represents sales of goods, revenue from branded food, commission and other income. The amount of each category of revenue recognised during the period is as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Sales of goods	2,211,222	1,707,484	766,759	528,366
Revenue from branded food	81,060	17,296	29,018	10,247
Commission and other income	7,590	14,133	968	4,556
	<u>2,299,872</u>	<u>1,738,913</u>	<u>796,745</u>	<u>543,169</u>

4 FINANCE INCOME AND COSTS

	For the nine months ended 31st December		For the three months ended 31st December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Finance income				
Interest income from bank deposits	4,689	4,121	1,435	1,100
Amortised interest income from subscription receivables	—	34,776	—	12,045
	4,689	38,897	1,435	13,145
Finance costs				
Interest on bank loans wholly repayable within five years	22,667	30,134	6,424	9,089
Amortisation of interest expense	4,678	—	1,623	—
Net foreign exchange losses on financing activities	2,018	39,749	(1,013)	24,367
Convertible bonds redeemable within five years	963	963	322	322
Interest on finance lease obligations	157	6	2	2
	30,483	70,852	7,358	33,780

5 INCOME TAX EXPENSES/(CREDIT)

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2008: 25%). A five-year transitional period with a progressive tax range from 15% to 25% has been granted from 1st January 2008.

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profit for the period at the applicable rates of taxation prevailing in the countries/ jurisdictions in which the Group operates.

The amounts of income tax expense/(credit) recorded in the unaudited condensed consolidated income statement represent:

	For the nine months ended 31st December		For the three months ended 31st December	
	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)	2009 <i>HK\$'000</i> (Unaudited)	2008 <i>HK\$'000</i> (Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	—	(446)	—	(2,533)
— over/(under) provision in prior periods	—	114	—	(439)
Mainland China enterprise income tax				
— current period	5,168	(1,777)	3,086	(3,657)
Overseas taxation	22,030	(22)	9,603	(11)
Deferred taxation	(2,410)	(8,830)	(1,006)	(2,281)
	24,788	(10,961)	11,683	(8,921)

6 EARNINGS PER SHARE

Basis profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the Group's profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the nine months ended 31st December		For the three months ended 31st December	
	2009 (Unaudited)	2008 (Unaudited)	2009 (Unaudited)	2008 (Unaudited)
Profit/(loss) for the period (<i>HK\$'000</i>)	8,525	(66,497)	8,503	(45,770)
Loss/(profit) for the period attributable to non-controlling interests (<i>HK\$'000</i>)	135	(107)	29	(12)
Profit/(loss) attributable to equity holders of the Company (<i>HK\$'000</i>)	8,660	(66,604)	8,532	(45,782)
Weighted average number of ordinary shares in issue	95,794,716	95,794,716	95,794,716	95,794,716
Basic profit/(loss) per share (<i>HK cents</i>)	9.04	(69.53)	8.91	(47.79)

Diluted profit per share

Diluted profit per share for the nine months and three months ended 31st December 2009 are calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and non-redeemable preference shares. The convertible bonds and non-redeemable preference shares are assumed to have been converted into ordinary shares, and the profit for the nine months and three months ended 31st December 2009 are adjusted to eliminate the interest expense on convertible bonds.

	For the nine months ended 31st December 2009 (Unaudited)	For the three months ended 31st December 2009 (Unaudited)
Adjusted profit attributable to equity holders of the Company (<i>HK\$'000</i>)	9,623	8,854
Weighted average number of ordinary shares in issue for diluted profit per share	13,596,763,487	13,596,763,487
Diluted profit per share (<i>HK cents</i>)	0.07	0.07

No diluted loss per share for the nine months and three months ended 31st December 2008 has been presented as the potential ordinary shares are anti-dilutive.

7 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2009 (2008: Nil).

8 SUBSCRIPTION RECEIVABLES

Up to 31st December 2009, the Company issued a total of 13,373,254,851 non-redeemable preference shares, with a par value of HK\$0.01 each, through placements, for an aggregated amount of approximately HK\$2,273,037,000. Details of each placement are set out below:

	First tranche of the first placement	Second tranche of the first placement	Second placement
Month of issue	February and March 2006	September 2006	December 2007
Number of non-redeemable preference shares issued	7,383,166,793	792,848,020	5,197,240,038
Subscription price per share (<i>HK\$</i>)	0.1566	0.1566	0.1910
Aggregated subscription price (<i>HK\$</i>)	1,156,204,000	124,160,000	992,673,000

The subscription prices are payable in cash by the subscribers in four equal instalments for the first placement. For the first tranche of the first placement, the first instalment was received by the Company in February and March 2006 upon completion of the subscriptions. For the second tranche of the first placement, the first instalment was received by the Company in September 2006. The second and third instalments have been received by the Company in October and December 2006 respectively in accordance with the terms of the preference shares. The remaining instalment has been received in February 2009.

The subscription prices of the second placement are payable in cash by the subscribers in three equal instalments. The first instalment has been received by the Company in December 2007, upon completion of the subscription of the second placement. The remaining two instalments have been drawdown in February 2009 in accordance with the terms of the preference shares.

All the outstanding unpaid balance of the subscription prices was received by the end of June 2009.

The preference shares will be automatically converted into ordinary shares on 28th February 2010.

The subscription receivables recognised in the statement of financial position is calculated as follows:

	As at 31st December 2009 HK\$'000 (Unaudited)	As at 31st March 2009 HK\$'000 (Audited)
Subscription receivables	1,622,055	1,622,055
<i>Less:</i> Future interest	(137,305)	(137,305)
<i>Add:</i> Amortised interest income	137,305	137,305
	1,622,055	1,622,055
<i>Less:</i> Subscriptions received	(1,622,055)	(1,609,055)
Subscription receivables	—	13,000

For the nine months ended 31st December 2008, amortised interest income recognised as income and included in finance income amounted to HK\$34,776,000.

Interest income on the subscription receivables is calculated using the effective interest method by applying the effective interest rate of 6% to 6.5% per annum.

9 SHARE CAPITAL AND RESERVES

Movements in share capital and reserves are as follows:

	(Unaudited)						
	Attributable to equity holders of the Company						
	Ordinary share capital <i>HK\$'000</i>	Preference share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i> <i>(Note)</i>	(Accumulated losses)/ retained profits <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2009	958	133,733	1,947,614	(155,228)	1,927,077	3,438	1,930,515
Profit/(loss) for the period	—	—	—	8,660	8,660	(135)	8,525
Other comprehensive income:							
Translation adjustments — net	—	—	40,967	—	40,967	—	40,967
Increase in fair value of available-for-sale financial assets	—	—	710	—	710	—	710
Total comprehensive income for the nine months ended 31st December 2009	—	—	41,677	8,660	50,337	(135)	50,202
Capital contribution from non-controlling interests	—	—	—	—	—	532	532
Balances at 31st December 2009	958	133,733	1,989,291	(146,568)	1,977,414	3,835	1,981,249

(Unaudited)							
Attributable to equity holders of the Company							
	Ordinary share capital <i>HK\$'000</i>	Preference share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i> <i>(Note)</i>	(Accumulated losses)/ retained profits <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2008	958	133,733	2,023,492	(27,527)	2,130,656	1,676	2,132,332
(Loss)/profit for the period	—	—	—	(66,604)	(66,604)	107	(66,497)
Other comprehensive income:							
Translation adjustments — net	—	—	(30,404)	—	(30,404)	—	(30,404)
Decrease in fair value of available-for-sale financial assets	—	—	(1,259)	—	(1,259)	—	(1,259)
Disposal of subsidiaries	—	—	(3,754)	2,700	(1,054)	—	(1,054)
Total comprehensive income for the nine months ended 31st December 2008	—	—	(35,417)	(63,904)	(99,321)	107	(99,214)
Capital contribution from non-controlling interests	—	—	—	—	—	1,797	1,797
Balances at 31st December 2008	<u>958</u>	<u>133,733</u>	<u>1,988,075</u>	<u>(91,431)</u>	<u>2,031,335</u>	<u>3,580</u>	<u>2,034,915</u>

Note:

Other reserves comprise share premium, contributed surplus, equity portion of convertible bonds, investment revaluation reserve and cumulative translation adjustments. The respective balances as at 31st December 2009 and 2008 are as follows:

	As at 31st December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Share premium	1,992,635	1,992,635
Contributed surplus	8,984	8,984
Equity portion of convertible bonds	6,388	6,388
Investment revaluation reserve	710	(1,452)
Cumulative translation adjustments	(19,426)	(18,480)
	<u>1,989,291</u>	<u>1,988,075</u>

10 COMPARATIVE AMOUNTS

Certain comparative amounts have been adjusted to conform with current period's presentation.

BUSINESS REVIEW

Financial and Business Performance

Across our businesses, we are continuing to see strengthening and stabilisation of customer demand and prices. With actions taken during the downturn and improvement in the economy, our business has continued its earnings improvement trend in the third quarter. We continue to monitor the economy but with improving business outlook, the management teams are accelerating the growth plans that were in execution before the downturn to increase and realise company and shareholder value.

The Group recorded an unaudited consolidated revenue of approximately HK\$796,745,000 for the three months ended 31st December 2009 (“the third quarter”), representing an increase of approximately 46.7% from the corresponding period last year and recorded an unaudited consolidated revenue of approximately HK\$2,299,872,000 for the nine months ended 31st December 2009 (“the 9-month period”), representing an increase of approximately 32.3% from the corresponding period last year.

The Group recorded unaudited consolidated net profit attributable to equity holders of the Company of approximately HK\$8,532,000 for the third quarter. The third quarter result was an improvement from an unaudited consolidated net profit attributable to equity holders in the preceding quarter of approximately HK\$4,816,000 or 0.6% of revenue as well as compared to a net loss of approximately HK\$45,782,000 or 8.4% of revenue in the corresponding quarter last year. With the profit in the third quarter, the Group recorded an unaudited consolidated net profit attributable to equity holders of the Company of approximately HK\$8,660,000 for the 9-month period, an improvement of approximately 113.0% from the corresponding period last year.

Below is a summary of the financial and business performance of each major business division. Their unaudited profit/loss figures disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

Fishmeal and Seafood Product Division

For our 40% jointly-controlled fishmeal and seafood product division conducted through Coland Group Limited (“Coland”), we shared revenue of approximately HK\$435,715,000 with a net profit of approximately HK\$21,440,000 for the 9-month period, versus revenue of approximately HK\$328,194,000 and a net loss of approximately HK\$4,142,000 for the corresponding period last year.

During the 9-month period, there was a significant rebound of the demand for brown fishmeal and its market prices due to increase in demand from the aquaculture industry in China and limited global supply. To improve the management of price volatility, Coland continues to implement smaller lot purchases and improve inventory management by analysis of real-time supply and demand.

Our expansion into value adding and higher margin businesses continues full steam. Our fish oil process business is a leader in quality and supply capability and Coland has one of the largest oil processing capabilities in Asia today. Our feed business and joint venture with Nosan is exploring new products and customers. Our fillet processing factory in Wuhan has obtained the regulatory certificate for export to the US market.

Going forward, we are seeing stabilised trends in demand, price and volatility in the near term. We will continue to take a cautious approach in monitoring our trading operation while growing the value added component of the business.

Branded Food Division

Our start-up business, gained good momentum with increase of Burger King restaurants in Hong Kong by 9 during the 9-month period to 14 at the end of this period. The division recorded revenue of approximately HK\$81,060,000 with net loss of approximately HK\$22,183,000 for the 9-month period. The net loss was attributable to the start-up costs associated with new restaurants in Whampoa Garden, Causeway Bay, Admiralty, Tsim Sha Tsui, Shatin, Sheung Shui, Tsuen Wan, Tseung Kwan O and Tsz Wan Shan opened in the 9-month period. With increasing presence in the market with superior products and brand promotions, we expect the financial improvement of the division to continue during this fiscal year.

We continue to evaluate investment opportunities to add to our food services business to grow the scale and capabilities.

Hi-Tech Distribution and Services Division

Customer demand continues to improve in this division, especially from domestic customers but margins continue to be under pressure by the slower recovery of global account demand and strong Japanese Yen. Through the past quarters, we have established the position as a leader in the distribution and service of SMT equipment in China and remain one of the top distributors in the globe for our suppliers. With the recovery of the sector, the management teams are refocused on the growth plans that were in execution before the downturn to broaden its product and services portfolio, such as investment in the semiconductor and services.

With improving customer orders, the third quarter's sales of this division increased by approximately 3.8% and 144.2% respectively over the preceding quarter and the corresponding quarter in last year. With management actions taken on cost control and margin improvement, it recorded a net profit of approximately HK\$7,286,000 on revenue of approximately HK\$504,373,000 in the 9-month period.

Our customer focus continues to be in the electronics manufacturing industry in China, India and Vietnam, where both international and domestic demand will be focused.

Chemical Operation Division

For our chemical operation division conducted through TK Chemical Corporation ("TKC"), we shared 33.74% of its third quarter revenue and net profit of approximately HK\$457,109,000 and HK\$21,200,000 respectively, representing a growth of approximately 6.3% in revenue and decrease of approximately 4.6% in net profit from the preceding quarter. For the 9-month period, we shared its revenue of approximately HK\$1,278,724,000 with a net profit of approximately HK\$60,850,000, versus our share of its post-acquisition revenue of approximately HK\$873,679,000 and net loss of approximately HK\$17,253,000 for the corresponding period last year.

During the third quarter, demand and pricing continued to improve across our product lines, especially polyester fiber and PET resin. We remain cautiously optimistic this will stabilise and improve over time.

TKC has successfully continued its restructuring plan and reducing debt and professionalising the management team for the future. The debt load relating to restructuring was reduced from KRW152 billion at time of acquisition to KRW79 billion at the end of the third quarter. The key focus of the business will be to continue to monitor cost structure, work with suppliers and creditors as it continues to improve its financial position.

OUTLOOK

Although the economy has not recovered fully, we are continuing to see strengthening of customer demand and stabilisation of prices.

- Demand has continued to improve in the fish oil processing business and its market price has been increased. However, we do expect seasonal dip in demand and pricing of brown fishmeal in the fourth quarter of current fiscal year.
- Gross profit margin has improved in the branded food business but still seeing lower consumer spending.
- Domestic manufacturing market in China has continued to improve with orders picking up for our hi-tech distribution and services business. Although we are starting to see new orders come from multi-national corporations, margins are impacted by the strong Japanese Yen and local customer mix.
- Competitive environment and demand for polyester fiber and PET resin have been improved although we expect seasonal decrease in overall demand in the fourth quarter of current fiscal year.

We remain cautiously optimistic the improving trend will be sustained and continuing positive impact in our businesses.

Our companies are leaders in their respective markets and we will build strength during this time by working with our management teams to improve capability and efficiency. Our focus will continue to be active management to capture available sales, prudently manage cash flow and monitor costs and risks. With the improved business outlook, the management teams are accelerating the growth plans that were in execution before the downturn to augment organic growth with new businesses/products and/or complementary acquisitions.

OUR INVESTMENT STRATEGY

The current economic environment has opened up attractive new opportunities for us as companies are re-looking at growth capital and value adding investors. We are evaluating opportunities to complement and augment our existing companies by investing in acquisitions in new products, capabilities and/or markets. We will continue to seek attractive investments to grow shareholder value during this time.

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

As at 31st December 2009, the Directors and chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

Long positions in the shares and underlying shares of the Company

- (a) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares (each the "share" or "ordinary share") in issue as at 31st December 2009, not on the total number of issued shares upon full conversion of the preference shares and the convertible bonds (the "Convertible Bonds") as set out in the circular to shareholders dated 20th June 2005.

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(a)	Note
Mr. Moses Tsang Kwok Tai ("Mr. Tsang")	Beneficial owner	19,693,486	39,386,973	59,080,459	61.67%	1
	Interest of controlled corporation	509,400	148,659,004	149,168,404	155.72%	2
				208,248,863	217.39	
Mr. Henry Kim Cho ("Mr. Cho")	Interest of controlled corporation	—	99,106,003	99,106,003	103.46%	3
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of controlled corporation	4,255,789	—	4,255,789	4.44%	4

Notes:

- Mr. Tsang directly interested in 19,693,486 shares and a further 39,386,973 underlying shares which may fall to be issued if the Convertible Bonds are converted at the initial conversion price of HK\$0.1566.
- Mr. Tsang beneficially interested in 509,400 shares of the Company through his wholly-owned company Oboe Development Trading Limited. He was also deemed, under the SFO, to be interested in 148,659,004 underlying shares owned by Asia Internet Capital Ventures L.P. ("AICV") by virtue of his being the manager of Asia Internet Capital Management LLC which is the general partner of AICV. These 148,659,004 underlying shares are the same underlying shares referred to in note 14 under section "Interests or Short Positions of Other Persons" below.

3. Mr. Cho beneficially interested these underlying shares through his controlling company Timeless Enterprises Limited (“Timeless”). These underlying shares were the same underlying shares referred to in note 20 under section “Interests or Short Positions of Other Persons” below.
4. Mr. Yao was deemed to be interested in 1,598,113 shares of the Company through his controlling company Huge Top Industrial Ltd. and 1,633,676 shares of the Company through his controlling company TN Development Limited. Mr. Yao was beneficially interested in 1,024,000 shares of the Company through his wholly-owned company Right Action Offshore Inc.. Mr. Yao was therefore deemed, under the SFO, to be interested in an aggregate of 4,255,789 shares of the Company.

Save as disclosed above, as at 31st December 2009, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were deemed or taken to have under such provisions of the SFO, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors of listed companies to be notified to the Company and the Stock Exchange.

INTERESTS OR SHORT POSITIONS OF OTHER PERSONS

As at 31st December 2009, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares and underlying shares^(b) of the Company

- (b) The underlying shares referred to in the following table (other than those referred to in note 1 below) arise as a result of the conversion rights attaching to the preference shares issued by the Company under the placements as disclosed in the circulars dated 24th January 2006, 17th August 2007 and 23rd November 2007. The preference shares shall be automatically converted into ordinary share, credited as fully paid, at the conversion ratio of one preference share for one ordinary share in accordance with the terms of the preference shares. Those underlying shares referred in note 1 below arise as a result of the conversion of the Convertible Bonds.
- (c) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 31st December 2009, not on the total number of issued shares upon full conversion of the preference shares and the Convertible Bonds.

Substantial shareholders (interests related to ordinary shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(c)	Note
North Asia Strategic Acquisition Corp. (“NASAC”)	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	1
North Asia Strategic Advisors (“NASA”)	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	1, 2, 21 & 27
Ajia Partners Inc. (“API”)	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	1–3, 21 & 27

Substantial shareholders (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(c)	Note
The Goldman Sachs Group, Inc.	Interest of controlled corporation	—	2,477,650,064	2,477,650,064	2,586.42%	4
National Nominees Limited (“NNL”)	Nominee	—	2,041,884,817	2,041,884,817	2,131.52%	5
Military Superannuation and Benefits Board of Trustees No 1	Trustee	—	2,041,884,817	2,041,884,817	2,131.52%	5
Fortis Investment NL Holding N.V.	Beneficial owner	—	1,238,825,032	1,238,825,032	1,293.21%	
C.L Davids Fond og Samling	Beneficial owner	—	1,061,780,105	1,061,780,105	1,108.39%	
Woori Bank (“Woori”)	Beneficial owner	—	792,848,020	792,848,020	827.65%	6
Woori Finance Holdings Co., Ltd.	Interest of controlled corporation	—	792,848,020	792,848,020	827.65%	6
United Overseas Bank Limited	Beneficial owner	—	743,295,019	743,295,019	775.92%	
J.T. International Asset Management Corp.	Beneficial owner	—	542,344,186	542,344,186	566.15%	

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(c)	Note
Oikos Asia Fund (“Oikos”)	Beneficial owner	—	495,530,013	495,530,013	517.28%	7
Realdania	Beneficial owner	—	408,376,963	408,376,963	426.30%	
Banca Monte Dei Paschi Di Siena Spa	Beneficial owner	—	247,765,006	247,765,006	258.64%	
Grand Loyal (China) Limited (“Grand Loyal”)	Nominee	—	247,765,006	247,765,006	258.64%	8
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	8
Grand Partners Group Limited (“Grand Partners”)	Nominee	—	247,765,006	247,765,006	258.64%	9
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	9
Mozart Verwaltungsgesellschaft mbH (“Mozart”)	Beneficial owner	—	204,188,482	204,188,482	213.15%	10
Dr. Thomas Helmut Jetter	Interest of controlled corporation	—	204,188,482	204,188,482	213.15%	10
Bankpension	Beneficial owner	—	204,188,482	204,188,482	213.15%	
Fubon Bank (Hong Kong) Limited	Beneficial owner	—	199,233,717	199,233,717	207.98%	
Chevalier International Holdings Limited (“Chevalier”)	Beneficial owner	—	198,212,005	198,212,005	206.91%	11
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	11
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	11
K.B. (C.I.) Nominees Limited (“KBCI”)	Beneficial owner	—	182,524,084	182,524,084	190.54%	12

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(c)	Note
Frank Nominees Limited (“Frank”)	Beneficial owner	—	104,495,497	104,495,497	109.08%	13
Kleinwort Benson (“KB”)	Interest of controlled corporation	—	287,019,581	287,019,581	299.62%	12 & 13
AICV	Beneficial owner	—	148,659,004	148,659,004	155.18%	14
AICM	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
Smart Channel Investments Inc. (“Smart”)	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
MKT Holdings (Cayman Islands) LLC (“MKT”)	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
MABA Holdings Limited (“MABA”)	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	14
Gentfull Investment Limited (“Gentfull”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	15
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	15
Doutdes S.P.A. (“Doutdes”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	16
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	16
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	16
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	17

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(c)	Note
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	16 & 17
UBS España, S.A. (“UBS”)	Nominee	—	128,441,377	128,441,377	134.08%	18
Mr. Pedro Urbina Garcia-Caro	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	18
Aurgia Securities Sociedad de Valores (“Aurgia”)	Nominee	—	49,553,001	49,553,001	51.73%	18
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	18
Duserali, S.L.	Beneficial owner	—	14,865,900	14,865,900	15.52%	18
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	18
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	18
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	18
Mr. Miguel Orúe-Echeverria	Beneficial owner	—	9,910,600	9,910,600	10.35%	18
ALCO Beteiligungsgesellschaft mbH (“ALCO”)	Beneficial owner	—	122,513,089	122,513,089	127.89%	19
Albert Büll Kommanditgesellschaft (“ABK”)	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	19
Mr. Albert Henri Karl Büll	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	19
Wittelsbacher Ausgleichsfonds	Beneficial owner	—	122,513,089	122,513,089	127.89%	
Timeless	Beneficial owner	—	99,106,003	99,106,003	103.46%	20

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings^(c)	<i>Note</i>
Kenthomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	20
North Asia Strategic Acquisition Corp. 2 (“NASAC 2”)	Beneficial owner	—	98,502,618	98,502,618	102.83%	21
KKR Group Investments II LLC (“KKR”)	Beneficial owner	—	89,080,460	89,080,460	92.99%	22
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	22
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	22
GAUD Holding B.V. (“GAUD”)	Beneficial owner	—	81,675,393	81,675,393	85.26%	23
Ms. Dorothée Emma Margareta Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	23
Ms. Sabine Marie Antoinette Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	23
Ms. Anna Petra Elisabeth Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	23
Mr. Frederik Harold Fentener van Vlissingen	Beneficial owner	—	78,544,061	78,544,061	81.99%	
Jajebi Holding B.V. (“Jajebi”)	Beneficial owner	—	68,062,822	68,062,822	71.05%	24
Mr. Jan van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	24
Latoer Holding B.V. (“Latoer”)	Beneficial owner	—	68,062,822	68,062,822	71.05%	25
Mr. Roderik Johannes Rolanda van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	25

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(c)	Note
NUI Holding B.V. (“NUI”)	Beneficial owner	—	68,062,822	68,062,822	71.05%	26
Mr. Patrick Jolyon van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	26
North Asia Strategic Acquisition Corp. 3 (“NASAC 3”)	Beneficial owner	—	58,210,000	58,210,000	60.77%	27
Rawlco Capital Ltd. (“Rawlco”)	Beneficial owner	—	49,553,001	49,553,001	51.73%	28
Mr. Gordon Stanley Rawlinson	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	28
Mr. Willem Auke Hekstra	Beneficial owner	—	22,460,733	22,460,733	23.45%	
Mr. P.D. de Marez Oyens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	

Other persons (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings ^(c)	Note
Mr. Christopher Edward McLeod	Beneficial owner	—	8,167,540	8,167,540	8.53%	
Mr. Sven Martijn van der Veen	Beneficial owner	—	6,125,654	6,125,654	6.39%	
Mr. David John Fleming	Beneficial owner	—	6,125,654	6,125,654	6.39%	
Mr. Fernando Rueda Sabater	Beneficial owner	—	7,432,950	7,432,950	7.76%	18
Mr. Ricardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	18

Notes:

1. NASAC was directly interested in 44,163,474 shares and a further 88,326,947 underlying shares which may fall to be issued if the Convertible Bonds are converted at an initial conversion price of HK\$0.1566. Accordingly, NASAC was deemed to be interested in a total of 132,490,421 shares.
2. NASA held the single voting participating share of NASAC and the single ordinary voting share of each of NASAC 2 and NASAC 3, NASA was therefore deemed to be interested in 289,203,039 shares.
3. API is the controlling company of NASA which in turn controls 100% voting capital of each of NASAC, NASAC 2 and NASAC 3. API was therefore deemed to be interested in 289,203,039 shares.
4. These underlying shares were held by Goldman Sachs (Asia) Finance, a company controlled by The Goldman Sachs (Asia) Finance Holdings L.L.C.. The Goldman Sachs Group, Inc. was deemed to have interests in these underlying shares through its direct subsidiary, The Goldman Sachs Global Holdings L.L.C., and its indirect subsidiary, The Goldman Sachs & Co., which was in turn the controlling company of The Goldman Sachs (Asia) Finance Holdings L.L.C.. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of their respective corporate interests in Goldman Sachs (Asia) Finance.
5. These underlying shares were held by NNL, a nominee for Military Superannuation and Benefits Board of Trustees No 1 as a trustee for an Australian pension fund.
6. These underlying shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd.
7. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.
8. These underlying shares were held by Grand Loyal, a company controlled by Mr. Ho Yiu Wing. Accordingly, Mr. Ho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Loyal.
9. These underlying shares were held by Grand Partners, a company controlled by Mr. William Doo Wai Hoi. Accordingly, Mr. Doo was taken to be interested in these underlying shares under the SFO by virtue of his interests in Grand Partners.
10. These underlying shares were held by Mozart, a company controlled by Dr. Thomas Helmut Jetter. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Mozart.
11. These underlying shares were held by Chevalier, a company 55.73% controlled by Mr. Chow Yei Ching and Ms. Miyakawa Michiko. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in Chevalier.
12. These underlying shares were held by KBCI, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in KBCI.
13. These underlying shares were held by Frank, a company controlled by KB. Accordingly, KB was taken to be interested in these underlying shares under the SFO by virtue of its corporate interests in Frank.
14. These underlying shares were held by AICV, which is managed by AICM, a company 99% controlled by EC, a wholly-owned subsidiary of Smart which is wholly owned by MKT. MKT is wholly owned by MABA of which Mr. Tsang is the controlling shareholder. Accordingly, all these parties were deemed, under the SFO, to have an interest in these underlying shares by virtue of the respective corporate interests in AICV. These underlying shares are the same underlying shares referred to in note 2 under section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above.

15. These underlying shares were held by Gentfull, a company 100% controlled by Ms. Vivien Chen Wai Wai. Accordingly, Ms. Chen was taken to be interested in these underlying shares under the SFO by virtue of her interests in Gentfull.
16. These underlying shares were held by Doutdes, a company 83.98% controlled by UFI Filters SPA which was in turn controlled by GGG SPA, a company controlled by Mr. Giorgio Girondi. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their corporate interests in Doutdes.
17. These underlying shares were held by G.G.G. S.A., a company 100% controlled by Mr. Giorgio Girondi. Accordingly, Mr. Girondi was taken to be interested in these underlying shares under the SFO by virtue of his interests in G.G.G. S.A.
18. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Aurgia, a company controlled by Mr. Pedro Urbina Garcia-Caro; 17,343,500 underlying shares were held by Mr. Cesar Molinas Sanz; 14,865,900 underlying shares were held by Duserali, S.L., a company controlled by Mr. Antonio Del Cano Barbón; each of Messrs. Ramón Suarez Beltrán, Ricardo Sanz Ferrer and Miguel Orúe-Echeverria held 9,910,600 underlying shares; 7,432,950 underlying shares were held by Mr. Fernando Rueda Sabater; and 5,946,360 underlying shares were held by Mr. Ricardo de Ponga Bianco.
19. These underlying shares were held by ALCO, a company controlled by ABK which in turn controlled by Mr. Albert Henri Karl Büll. Accordingly, both were taken to be interested in these underlying shares under the SFO by virtue of their interests in ALCO.
20. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless. These underlying shares are the same underlying shares referred to in note 3 under “Directors’ and Chief Executive’s Interests and Short Position in Shares, Underlying Shares and Debentures” above.
21. These underlying shares were held by NASAC 2. NASA controls 100% of the ordinary voting share capital of NASAC 2 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 2.
22. These underlying shares were held by KKR, a company controlled by Messrs. George Rosenberg Roberts and Henry Roberts Kravis. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in KKR.
23. These underlying shares were held by GAUD, a company controlled by Ms. Dorothée Emma Margareta Goldschmeding, Ms. Sabine Marie Antoinette Goldschmeding and Ms. Anna Petra Elisabeth Goldschmeding. Accordingly, all these parties were taken to be interested in these underlying shares under the SFO by virtue of their interests in GAUD.
24. These underlying shares were held by Jajebi, a company controlled by Mr. Jan van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Jajebi.
25. These underlying shares were held by Latoer, a company controlled by Mr. Roderik Johannes Rolanda van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Latoer.
26. These underlying shares were held by NUI, a company controlled by Mr. Patrick Jolyon van Seumeren. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in NUI.

27. These underlying shares were held by NASAC 3. NASA controls 100% of the ordinary voting share capital of NASAC 3 and was therefore deemed to be interested in these underlying shares under the SFO by virtue of its corporate interests in NASAC 3.
28. These underlying shares were held by Rawlco, a company controlled by Mr. Gordon Stanley Rawlinson. Accordingly, he was taken to be interested in these underlying shares under the SFO by virtue of his interests in Rawlco.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has an interest or short position in the securities of the Company that were required to be entered in the register of the Company pursuant to section 336 of the SFO as at 31st December 2009.

SHARE OPTION SCHEMES

On 10th June 2002, the shareholders approved the adoption of a share option scheme (the “2002 Scheme”). Under the terms of the 2002 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative, including any executive or non-executive Director, of any member of the Group or any other person who satisfies the selection criteria as set out in the 2002 Scheme. The principal purpose of the 2002 Scheme is to provide incentives to participants to contribute to the Group and/or to enable the Group to recruit and/or to retain high-calibre employees and attract human resources that are valuable to the Group. The 2002 Scheme shall be valid and effective for a period of ten years commencing on the adoption date. As at 31st December 2009, no share options have been granted by the Company pursuant to the 2002 Scheme.

On 31st October 2006, the Company approved a share option scheme (the “Best Creation Scheme”) adopted by Best Creation Investments Limited (“Best Creation”), a wholly-owned subsidiary of the Company, allowing its board of directors to grant options to subscribe for shares in Best Creation to the selected participants under such scheme as incentives or rewards for their contribution to the Best Creation group. The Best Creation Scheme has a life of ten years commencing on the adoption date of 31st October 2006. As at 31st December 2009, no share options have been granted pursuant to the Best Creation Scheme.

CAPITAL STRUCTURE

As at 31st December 2009, the Company has in issue a total of 95,794,716 ordinary shares and a total of 13,373,254,851 preference shares, with a par value of HK\$0.01 each. The Company also has outstanding convertible bonds with face value of HK\$20,000,000, which will mature in August 2010 or can be converted into a total of approximately 127,713,920 ordinary shares in the Company, with a par value of HK\$0.01 each, at the holders’ option, at HK\$0.1566 per share.

The preference shares are non-redeemable and are convertible into ordinary shares in the Company at a conversion ratio of one preference share into one ordinary share, subject to customary anti-dilution adjustments. The preference shares will be automatically converted into ordinary shares in the Company on 28th February 2010.

Upon full conversion of the preference shares at the 1-to-1 conversion ratio and assuming that the holders of the outstanding convertible bonds do not exercise the conversion rights attached to the convertible bonds, the equity stake of the existing ordinary shareholders and the preference shareholders in the Company's enlarged ordinary share capital then in issue as of the conversion date on 28th February 2010 will be approximately 0.7% and 99.3% respectively.

Upon full conversion of the preference shares at the 1-to-1 conversion ratio and assuming that the outstanding convertible bonds are fully converted on 28th February 2010, the equity stake of the existing ordinary shareholders, the preference shareholders and the convertible bonds holders in the Company's enlarged ordinary share capital then in issue will be approximately 0.7%, 98.4% and 0.9% respectively.

COMPETING INTERESTS

As at 31st December 2009, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

CONTINUING DISCLOSURE UNDER RULE 17.24 OF THE GEM LISTING RULES

The following is an unaudited condensed consolidated statement of financial position as at 31st December 2009 of Coland Group Limited, a jointly controlled entity, of which the Group has an equity interest of 40%, as required therein under rule 17.24 of GEM Listing Rules:

	<i>HK\$'000</i>
Non-current assets	210,502
Inventories	355,949
Cash and cash equivalents	71,327
Other current assets	331,167
Bank borrowings	(517,530)
Other current liabilities	(50,414)
	<hr/>
Net assets	<u>401,001</u>

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the nine months ended 31st December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules. The Company has complied with the code provisions set out in the Code throughout the nine months ended 31st December 2009.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises four Independent Non-executive Directors and is chaired by Mr. Kenny Tam King Ching who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated interim financial information for the nine months ended 31st December 2009 of the Company now reported on have been reviewed by the audit committee.

On behalf of the Board
North Asia Strategic Holdings Limited
John Saliling
Executive Director and Chief Executive Officer

Hong Kong, 28th January 2010

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Göran Sture Malm (Chairman), Mr. Savio Chow Sing Nam (Deputy Chairman) and Mr. John Saliling (Chief Executive Officer); four Non-executive Directors, namely Mr. Andrew Yao Cho Fai, Mr. Takeshi Kadota, Mr. Moses Tsang Kwok Tai and Mr. Henry Kim Cho; and four Independent Non-executive Directors, namely Mr. Philip Ma King Huen, Mr. Kenny Tam King Ching, Mr. Edgar Kwan Chi Ping and Mr. Yu Wang Tak.

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