

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

## 北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8080)

### FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30TH JUNE 2008

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

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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

## HIGHLIGHTS

- Total unaudited consolidated revenue from continuing operations for the three months ended 30th June 2008 was approximately HK\$351,986,000, representing an increase of approximately 18% from the same period last year.
- During the quarter, revenue and net profit generated from the surface mount technology assembly equipment trading division were approximately HK\$222,315,000 and HK\$9,365,000 respectively.
- During the quarter, the Company shared 40% revenue and net profit of our jointly controlled fishmeal and fish oil trading and processing division of approximately HK\$126,265,000 and HK\$6,970,000 respectively.
- Total unaudited consolidated net profit attributable to equity holders of the Company for the three months ended 30th June 2008 was approximately HK\$7,976,000, versus net loss attributable to equity holders of the Company of approximately HK\$9,845,000 for the same period last year.
- Total unaudited consolidated total equity attributable to equity holders of the Company was approximately HK\$2,139,320,000 as at 30th June 2008, which exceeds the corresponding figure as at 31st March 2008 of approximately HK\$2,130,656,000 by approximately HK\$8,664,000.

## RESULTS

The following are the unaudited consolidated results of North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (collectively the “Group” or “NAS Group”) for the three months ended 30th June 2008 together with the comparative unaudited figures for the corresponding period in 2007:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the three months ended	
		2008	2007
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
<b>Continuing operations</b>			
Revenue	3	351,986	298,703
Cost of sales		(305,944)	(274,510)
Gross profit		46,042	24,193
Other gains — net	4	11,201	8,820
Selling and distribution expenses		(12,462)	(10,376)
General and administration expenses		(44,399)	(31,869)
Operating profit/(loss)		382	(9,232)
Finance income	5	15,439	8,303
Finance costs	5	(4,032)	(6,235)
Profit/(loss) before income tax		11,789	(7,164)
Income tax expense	6	(3,781)	(378)
Profit/(loss) for the period from continuing operations		8,008	(7,542)
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	7	—	(2,313)
Profit/(loss) for the period		8,008	(9,855)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		7,976	(9,845)
Minority interests		32	(10)
		8,008	(9,855)
Profit/(loss) per share from continuing operations attributable to the equity holders of the Company for the period			
— Basic (HK cents)	8	8.33	(7.86)
— Diluted (HK cents)	8	0.06	(7.86)
Loss per share from discontinued operations attributable to the equity holders of the Company for the period			
— Basic (HK cents)	8	—	(2.41)
— Diluted (HK cents)	8	—	(2.41)

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

Notes:

## 1. General Information

North Asia Strategic Holdings Limited (the “Company” or “NAS”) and its subsidiaries (together, the “Group” or “NAS Group”) principally engaged in (i) 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; (ii) developing and operating Burger King restaurants in Hong Kong and Macau; and (iii) investment holding. Its jointly controlled entity principally engaged in the 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. During the period, the Group disposed of its steel trading operation. On 30th June 2008, the Group acquired an equity interest of 33.74% of TK Chemical Co., Ltd. (“TKC”). Details of the transaction are set out in note 12.

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 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 12th August 2008.

## 2. Basis of preparation and accounting policies

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”).

Except as described below, 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 2008.

Taxes on income during the period are accrued using the tax rate that would be applicable to expected total annual earnings.

The following interpretations are mandatory for the first time for the financial year beginning 1st April 2008 but are not currently relevant for the Group:

- HK(IFRIC) — Int 11 “HKFRS 2 — Group and Treasury Share Transactions”
- HK(IFRIC) — Int 12 “Service Concession Arrangements”
- HK(IFRIC) — Int 14 “HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st April 2008 and have not been early adopted:

- HKFRS 8 “Operating Segments” effective for annual periods beginning on or after 1st April 2009. HKFRS 8 replaces HKAS 14 “Segment Reporting” and requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- HKAS 23 (Revised) “Borrowing costs” effective for annual periods beginning on or after 1st April 2009. This amendment is not relevant to the Group as there are no qualifying assets.
- HKAS 32 and HKAS 1 Amendments “Puttable Financial Instruments and Obligations Arising on Liquidation” effective for annual periods beginning on or after 1st April 2009.
- HKFRS 2 (Revised) “Share-based Payment” effective for annual periods beginning on or after 1st April 2009. The Group will apply HKFRS 2 (Revised) from 1st April 2009, but it is not expected to have any impact on the unaudited condensed consolidated financial information.
- HKFRS 3 (Revised) “Business Combinations” and consequential amendments to HKAS 27 “Consolidated and Separate Financial Statements”, HKAS 28 “Investments in Associates” and HKAS 31 “Interests in Joint Ventures” effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation, associates and joint ventures on the Group.
- HKAS 1 (Revised) “Presentation of Financial Statements” effective for annual periods beginning on or after 1st April 2009.
- HKAS 32 (Revised) “Financial Instruments: Presentation” and consequential amendments to HKAS 1 “Presentation of Financial Statements” effective for annual periods beginning on or after 1st April 2009.
- HK(IFRIC) — Int 13 “Customer Loyalty Programmes” effective for annual periods beginning on or after 1st July 2008. Management is evaluating the effect of this interpretation on its revenue recognition.

### 3. Turnover and revenue

Turnover mainly represents sales of goods, and commission and other income. The amount of each category of revenues recognised during the period is as follows:

	For the three months ended	
	30th June	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Sales of goods	342,693	294,332
Commission and other income	9,293	4,371
	<u>351,986</u>	<u>298,703</u>
<b>Discontinued operations</b>		
Sales of goods	—	4,514
	<u>—</u>	<u>4,514</u>
	<u><b>351,986</b></u>	<u><b>303,217</b></u>

### 4. Other gains — net

	For the three months ended	
	30th June	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Net exchange gains	10,335	8,486
Gain on disposal of subsidiaries	1,022	—
Loss on disposal of property, plant and equipment	(657)	—
Others	501	334
	<u>11,201</u>	<u>8,820</u>
	<u><b>11,201</b></u>	<u><b>8,820</b></u>

## 5. Finance income and costs

	For the three months ended	
	30th June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
Finance income:		
— Interest income from bank deposits	1,687	3,717
— Amortised interest income from subscription receivables ( <i>note 10</i> )	13,752	4,586
	<u>15,439</u>	<u>8,303</u>
<b>Discontinued operations</b>		
Finance income:		
— Interest income from bank deposits	—	20
	<u>15,439</u>	<u>8,323</u>
<b>Continuing operations</b>		
Finance costs:		
Interest expense		
— Interest on bank loans wholly repayable within five years	3,579	4,594
— Convertible bonds redeemable after five years	319	318
— Notional interest expense of fair valuation of deferred consideration	—	1,323
— Interest on finance lease obligations	134	—
	<u>4,032</u>	<u>6,235</u>

## 6. Income tax expense

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at rates ranging from 15% to 33% up to 31st December 2007. On 16th March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the New Tax Law") which takes effect on 1st January 2008. From 1st January 2008 onwards, the income tax rate for the subsidiaries established in the Mainland China will be gradually changed to the standard rate of 25% over a five-year transition period. According to the Circular 39 passed by the State Council on 26th December 2007, the tax exemption and reduction will be terminated latest by 2012. The Group has assessed the impact of the change and considers the financial effect on the change in tax rate does not have material effect to the condensed consolidated financial information.

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 in which the Group operates.

The amounts of income tax expense recognised in the unaudited condensed consolidated income statement represent:

	<b>For the three months ended</b>	
	<b>30th June</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Continuing operations</b>		
Current taxation		
Hong Kong profits tax		
— current period	2,123	1,035
— underprovision in prior periods	553	—
Mainland China enterprise income tax		
— current period	1,511	734
— overprovision in prior periods	—	(1,429)
Profits tax of overseas subsidiaries	(38)	38
Deferred taxation	(368)	—
	<u>3,781</u>	<u>378</u>
<b>Discontinued operations</b>		
Current taxation		
Mainland China enterprise income tax		
— overprovision in prior periods	—	(703)
	<u>3,781</u>	<u>(325)</u>



## 7. Discontinued operations

During the period, the Group disposed of its steel trading operation. The unaudited consolidated results of the steel trading operation for the three months ended 30th June 2007 were as follows:

	For the three months ended 30th June	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Revenue	—	4,514
Cost of sales	—	(7,543)
Gross loss	—	(3,029)
Selling and distribution expenses	—	(4)
General and administration expenses	—	(3)
Operating loss	—	(3,036)
Finance income	—	20
Loss before income tax	—	(3,016)
Income tax credit	—	703
Loss for the period from discontinued operations	—	(2,313)

## 8. Profit/(loss) per share

### Basic 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 three months ended 30th June 2008		For the three months ended 30th June 2007	
	Continuing operations (Unaudited)	Discontinued operations (Unaudited)	Continuing operations (Unaudited)	Discontinued operations (Unaudited)
Profit/(loss) for the period (HK\$'000)	8,008	—	(7,542)	(2,313)
(Profit)/loss for the period attributable to minority interests (HK\$'000)	(32)	—	10	—
Profit/(loss) attributable to equity holders of the Company (HK\$'000)	7,976	—	(7,532)	(2,313)
Weighted average number of ordinary shares in issue	95,794,716	—	95,794,716	95,794,716
Basic profit/(loss) per share (HK cents)	8.33	—	(7.86)	(2.41)

## Diluted profit/(loss) per share

No diluted loss per share from continuing and discontinued operations for the three months ended 30th June 2007 has been presented as the potential ordinary shares are anti-dilutive.

Diluted profit per share from continued operations for the three months ended 30th June 2008 is 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 period is adjusted to eliminate the interest expenses.

Profit for the period attributable to equity holders of the Company ( <i>HK\$'000</i> )	7,976
Adjustment for convertible bonds accrued interest expenses ( <i>HK\$'000</i> )	319
	<hr/>
Adjusted profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	8,295
Weighted average number of ordinary shares in issue	13,596,763,487
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Diluted profit per share ( <i>HK cents</i> )	<u>0.06</u>

## 9. Dividend

The Directors do not recommend the payment of an interim dividend for the three months ended 30th June 2008.

## 10. Subscription receivables

Up to 30th June 2008, the Company issued a total of 13,373,254,851 non-redeemable preference shares, with a par value of HK\$0.01 each, through placement, for an aggregated amount of approximately HK\$2,273,037,000. Details of each placement are set out below:

	<b>First Tranche of the First Placement</b>	<b>Second Tranche of the First Placement</b>	<b>Second Placement</b>
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 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. The preference shares will rank *pari passu* with the ordinary shares of the Company with regards to dividends.

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 and the remaining instalment are receivable in February 2009.

The subscription prices of the Second Placement are payable in cash by the subscribers in three equal instalments. The first was received by the Company in December 2007, upon completion of the subscription of the Second Placement. The remaining two instalments are receivable in February 2008 and February 2009 respectively provided that payment of the second instalment shall not be required unless at least 75% of the subscription prices previously received for investments have been paid out for or committed to investments for the Company. No drawdown of the second instalment was made in February 2008 since less than 75% of the subscription prices received has been utilised.

In the event that the subscription prices previously paid to the Company from time to time for the preference shares are insufficient to make any potential investments approved by the board of directors of the Company and/or pay fees or expenses which are payable by the Company under the services agreement signed between the Company and North Asia Strategic Advisors on 26th September 2005 (as amended on 30th December 2005), the Company shall be entitled to require the relevant amount of instalment to be paid on a date specified by the Company but not earlier than 45 days from the date serving the payment notice by the Company.

Any unpaid balance of the subscription prices remaining payable immediately prior to 28th February 2009 or, if earlier, the business day immediately preceding the date of conversion of the preference shares into ordinary shares, shall in any event be receivable by the Company on such date, as the case may be.

The preference shares will be automatically converted into ordinary shares upon the listing of the ordinary shares on the Main Board of the Stock Exchange or on 28th February 2010, whichever is earlier.

The subscription receivables recognised in the balance sheet is calculated as follows:

	<b>As at 30th June 2008 HK\$'000 (Unaudited)</b>	<b>As at 31st March 2008 HK\$'000 (Audited)</b>
Subscription receivables	<b>1,622,055</b>	1,622,055
<i>Less: Future interest</i>	<b>(137,305)</b>	(137,305)
<i>Add: Amortised interest income</i>	<b>109,613</b>	95,861
	<b>1,594,363</b>	1,580,611
<i>Less: Subscriptions received</i>	<b>(640,182)</b>	(640,182)
Subscription receivables	<b>954,181</b>	940,429

The carrying amounts of subscription receivables approximately their fair values.

Amortised interest income recognised as income and included in finance income amounted to approximately HK\$13,752,000 (three months ended 30th June 2007: HK\$4,586,000) (*note 5*).

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.

## 11. Movements in share capital and reserves

Movements in share capital and reserves are as follows:

	Unaudited					Minority interests	Total
	Attributable to equity holders of the Company				Total		
	Ordinary share capital	Preference share capital	Other reserves	Retained profits/ losses (accumulated)			
HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balances as at 1st April 2007	958	81,760	1,103,559	45,063	1,231,340	—	1,231,340
Contribution from the minority shareholder of a PRC subsidiary	—	—	—	—	—	1,686	1,686
Loss for the period	—	—	—	(9,845)	(9,845)	(10)	(9,855)
Translation adjustments — net	—	—	1,305	—	1,305	—	1,305
Revaluation of available for sale investment	—	—	958	—	958	—	958
<b>Balances as at 30th June 2007</b>	<b>958</b>	<b>81,760</b>	<b>1,105,822</b>	<b>35,218</b>	<b>1,223,758</b>	<b>1,676</b>	<b>1,225,434</b>
<b>Balances as at 1st April 2008</b>	<b>958</b>	<b>133,733</b>	<b>2,023,492</b>	<b>(27,527)</b>	<b>2,130,656</b>	<b>1,676</b>	<b>2,132,332</b>
Contribution from the minority shareholder of a PRC subsidiary	—	—	—	—	—	1,684	1,684
Profit for the period	—	—	—	7,976	7,976	32	8,008
Translation adjustments — net	—	—	1,703	—	1,703	—	1,703
Increase in fair value of available-for-sales financial assets	—	—	39	—	39	—	39
Realisation of reserves upon disposal of subsidiaries	—	—	(3,754)	2,700	(1,054)	—	(1,054)
<b>Balances as at 30th June 2008</b>	<b>958</b>	<b>133,733</b>	<b>2,021,480</b>	<b>(16,851)</b>	<b>2,139,320</b>	<b>3,392</b>	<b>2,142,712</b>

Note:

Other reserves comprise share premium, contributed surplus, equity portion of convertible bonds, capital reserve, investment revaluation reserve and cumulative translation adjustments. The respective balances as at 30th June 2007 and 2008 are as follows:

	As at 30th June 2008 HK\$'000 (Unaudited)	As at 30th June 2007 HK\$'000 (Unaudited)
Share premium	1,992,635	1,083,637
Contributed surplus	8,984	8,984
Equity portion of convertible bonds	6,388	6,388
Capital reserve	—	2,700
Investment revaluation reserve	(154)	958
Cumulative translation adjustments	13,627	3,155
	<u>2,021,480</u>	<u>1,105,822</u>

## 12. Investment in a jointly controlled entity

At the close of business on 30th June 2008, the Group successfully completed its purchase of 2,699,347 ordinary shares (being 33.74% of total issued capital) in TKC, a joint stock corporation established under the laws of Korea, from third parties at a total consideration of approximately HK\$376,271,000. TKC is principally engaged in the business of manufacturing polyester fiber, PET resin and spandex, which are materials widely used in the textile and bottle manufacturing industries. Pursuant to a shareholders' agreement entered into between the Group and other major shareholders of TKC, who hold 56.26% of total issued capital of TKC, dated 26th June 2008, certain financial and operating decisions of TKC that are made in the ordinary course of its business are required to have unanimous consent by the Group and the other major shareholders of TKC. Accordingly, TKC is accounted for as a jointly controlled entity by the Group.

The fair value of the Group's share of TKC's identifiable assets acquired and liabilities and contingent liabilities assumed could only be determined on a provisional basis pending completion of the fair value appraisal process. The Group is still in the process of identifying and valuing intangible assets that can be recognised separately from goodwill.

Set forth below is a preliminary calculation of goodwill and other intangible assets:

	HK\$'000
Purchase consideration	
Cash consideration	376,271
Direct cost relating the acquisition	13,097
	<u>389,368</u>
Less: 33.74% share of fair value of net assets acquired and determined on a provisional basis	<u>220,951</u>
Goodwill and other intangible assets	<u>168,417</u>

In connection with the acquisition of 33.74% of the ordinary shares of TKC, the Group entered into various option arrangements with the major shareholders of TKC in relation to the future disposal of the Group's interests in TKC upon occurrence of certain future events within the three years from 30th June 2008. These options are classified as derivatives. They are accounted for at fair value initially. Subsequent changes in fair value are recognised through the income statement. Management is in the process of determining the fair values of these options.

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the three months ended 30th June 2008 (“current quarter”), the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK\$351,986,000, representing an approximately 18% increase from that in corresponding period last year. Such increase was mainly due to the significant increase of revenue from our fishmeal and fish oil trading and processing division by approximately 109% in current quarter. The profit/loss figures of each business division disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

For our surface mount technology (“SMT”) assembly equipment trading division conducted through American Tec Company Limited and American Tec Electronic India Private Limited (collectively, the “Amtec Group”), it recorded a net profit of approximately HK\$9,365,000 on revenue of approximately HK\$222,315,000, versus a net profit of approximately HK\$2,857,000 on revenue of approximately HK\$238,253,000 in corresponding period last year. Discounting the exchange gain of approximately HK\$5,632,000 arising from the depreciation of yen against United States dollars in current quarter and approximately HK\$5,945,000 in corresponding period last year, the net profit of current quarter was approximately HK\$3,733,000, versus a net loss of approximately HK\$3,088,000 in corresponding period last year. The Amtec Group has started to turn around since April 2008 and has further improved its gross profit margin in current quarter by changing its customer mix and exercising strict control over its gross profit margin.

For our 40% jointly controlled fishmeal and fish oil trading and processing division conducted through Coland Group Limited (“Coland”), NAS shared a net profit of approximately HK\$6,970,000 on revenue of approximately HK\$126,265,000 in current quarter, versus a net loss of approximately HK\$478,000 on revenue of approximately HK\$60,450,000 in corresponding period last year. Unlike the first quarter of last fiscal year when sales of fishmeal were significantly affected by unexpected weather pattern, current quarter’s weather in China was normal and this quarter was the high season for aquaculture industry. As a result, current quarter’s sales increased by approximately 109% over that of last fiscal year. Coland has made significant improvement in gross profit margin in current quarter, which was mainly due to increase of selling price of brown fishmeal and fish oil over that of the first quarter in last fiscal year.

Above all, the Group recorded a net profit attributable to equity holders of the Company of approximately HK\$7,976,000, versus net loss of approximately HK\$9,845,000 for the same period last year. Discounting the interest income related to the subscription receivables from the Company’s preference shareholders of approximately HK\$13,752,000 in current quarter and approximately HK\$4,586,000 in the same period last year, current quarter’s net loss was approximately HK\$5,776,000, which was less than that of same period last year by approximately HK\$7,601,000. This net loss was mainly because the aggregate net profit from Amtec Group and Coland was more than offset our head office’s operating expenses in current quarter.

## OUTLOOK

For our SMT trading division conducted through Amtec Group, we expect that the sharp increase of crude oil price, the high inflation rate, the slow down of the United States economy after the subprime crisis in late 2007 and the credit squeeze in China since December 2007 to control the overheated economy, will continue to make our SMT customers more cautious in their capital investment plan in the second quarter and they will demand for more efficient and higher quality SMT equipment and services. We will continue to strengthen our sales and servicing teams, explore diversification of our product portfolio, and diversify our customer mix to maintain our leading position as a total solution service provider in the SMT industry in China and India. We will also continue to monitor Amtec Group's gross profit margin, operating costs and foreign exchange risk closely to improve its profitability.

For our jointly-controlled fishmeal and fish oil trading and processing division conducted through Coland, peak season for aquaculture industry in China has been started in July 2008 and will last until October 2008. We expect that demand for brown fishmeal will be strong during this period, though there has been a drop of the market price for brown fishmeal recently. Coland will continue to take a cautious approach in monitoring its trading operation. Construction of its fish fillet factory in Wuhan of China is in progress and we expect that it will start operation in late 2008. This new downstream business line will help strengthening Coland's revenue stream and improving Coland's profitability in the future.

For our quick services restaurant division, we intend to open at least five more restaurants, primarily in the business district, shopping areas and tourists spots in Hong Kong shortly. We will continue to monitor the operation of this division closely to achieve profitability at restaurant level in the current fiscal year.

As disclosed previously, we entered into an agreement with TK Chemical Holdings Co., Ltd. and SMT Chemical Co., Ltd., both joint stock corporation established in Korea, on 30th April 2008 to acquire 33.74% equity interest in the issued share capital of TK Chemical Co., Ltd. ("TKC") for a total cash consideration of KRW50 billion (approximately HK\$376 million). TKC is principally engaged in the business of manufacturing of polyester fiber, PET resin and spandex, which are materials widely used in the textile and bottle manufacturing industries. This investment was approved by our shareholders on 30th June 2008 and completed on the same day. With TKC's established presence in the market, strong international customer network and the expertise in place, we are confident that it will enhance our Group's earning base in the rest of the fiscal year.

We will continue to seek new sizable investment opportunities in profitable companies in North Asia with strong cashflow in growth sectors such as consumer, industrial, technology, media, telecommunications and in those sectors which have synergy with our existing businesses.



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

As at 30th June 2008, 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<sup>(a)</sup> of the Company

- (a) The underlying shares referred to in note 2 arise as a result of the conversion rights attaching to the preference shares issued by the Company under the placement as disclosed in the circulars to shareholders dated 24th January 2006 and 17th August 2006. The preference shares shall be automatically converted into ordinary shares, 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.
- (b) 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 30th June 2008, 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 <sup>(b)</sup>	Note
Mr. Andrew Yao Cho Fai ("Mr. Yao")	Interest of controlled corporation	4,255,789	—	4,255,789	4.44%	1
Mr. Henry Kim Cho ("Mr. Cho")	Interest of controlled corporation	—	99,106,003	99,106,003	103.46%	2

Notes:

1. These interests represented:
  - (i) a deemed interest in 1,598,113 shares of the Company owned by Huge Top Industrial Ltd. ("Huge Top"). Mr. Yao directly holds approximately 11.91% and indirectly through Perfect Capital International Corp. ("Perfect Capital") owns approximately 42.86% of the issued share capital of Huge Top. Mr. Yao owns the entire issued share capital of Perfect Capital and is one of the two directors of Huge Top. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by Huge Top;



- (ii) a deemed interest in 1,633,676 shares of the Company owned by TN Development Limited (“TN”). Van Shung Chong (B.V.I.) Limited (“VSC BVI”) owns 54% of the issued share capital of TN and Mr. Yao owns 10% of the issued share capital of TN. Mr. Yao is one of the two directors of TN. VSC BVI is a wholly-owned subsidiary of Van Shung Chong Holdings Limited (“VSC”) of which Huge Top owns approximately 45.59%. Accordingly, Mr. Yao was deemed, under the SFO, to have an interest in these shares of the Company held by TN; and
  - (iii) an interest in 1,024,000 shares of the Company owned by Right Action Offshore Inc. (“Right Action”). Mr. Yao owns the entire issued share capital of Right Action and is also the sole director of that company.
2. These underlying shares were held by Timeless Enterprises Limited (“Timeless”), a company controlled by Mr. Cho through Kenthomas Company Limited. Accordingly, Mr. Cho was taken to be interested in these underlying shares under the SFO by virtue of his interests in Timeless which was interested in 99,106,003 underlying shares. These underlying shares were the same underlying shares referred to in note 23 under section “Interests or short positions of other persons” below.

Save as disclosed above, as at 30th June 2008, 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 30th June 2008, 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<sup>(c)</sup> of the Company**

- (c) The underlying shares referred to in the following table (other than those referred to in notes 1 and 4 below) arise as a result of the conversion rights attaching to the preference shares issued by the Company under the placement 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 notes 1 and 4 below arise as a result of the conversion of the Convertible Bonds.

(d) The approximate percentage of shareholdings set out below is based on 95,794,716 ordinary shares in issue as at 30th June 2008, 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 <sup>(d)</sup>	Note
Mr. Moses Tsang Kwok Tai ("Mr. Tsang")	Beneficial owner	19,693,486	39,386,973	59,080,459	61.68%	1
	Interest of controlled corporation	509,400	—	509,400	0.53%	2
	Interest of a discretionary trust	—	148,659,004	148,659,004	155.18%	3
				208,248,863	217.39%	
North Asia Strategic Acquisition Corp. ("NASAC")	Beneficial owner	44,163,474	88,326,947	132,490,421	138.31%	4
North Asia Strategic Advisors ("NASA")	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4, 5, 24 & 30
Ajia Partners Inc. ("API")	Interest of controlled corporation	44,163,474	245,039,565	289,203,039	301.90%	4 to 6, 24 & 30

## Substantial shareholders (interest related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
The Goldman Sachs Group, Inc.	Interest of controlled corporation	—	2,477,650,064	2,477,650,064	2,586.42%	7
National Nominees Limited (“NNL”)	Nominee	—	2,041,884,817	2,041,884,817	2,131.52%	8
Military Superannuation and Benefits Board of Trustees No 1	Trustee	—	2,041,884,817	2,041,884,817	2,131.52%	8
ABN AMRO Asset Management 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%	9
Woori Finance Holdings Co., Ltd.	Interest of controlled corporation	—	792,848,020	792,848,020	827.65%	9
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%	
Oikos Asia Fund (“Oikos”)	Beneficial owner	—	495,530,013	495,530,013	517.28%	10
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%	11
Mr. Ho Yiu Wing	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	11
Grand Partners Group Limited (“Grand Partners”)	Nominee	—	247,765,006	247,765,006	258.64%	12

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Mr. William Doo Wai Hoi	Interest of controlled corporation	—	247,765,006	247,765,006	258.64%	12
Mozart Verwaltungsgesellschaft mbH (“Mozart”)	Beneficial owner	—	204,188,482	204,188,482	213.15%	13
Dr. Thomas Helmut Jetter	Interest of controlled corporation	—	204,188,482	204,188,482	213.15%	13
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%	14
Mr. Chow Yei Ching	Interest of controlled corporation	—	198,212,005	198,212,005	206.91%	14
Ms. Miyakawa Michiko	Family interest	—	198,212,005	198,212,005	206.91%	14
K.B. (C.I.) Nominees Limited (“KBCI”)	Beneficial owner	—	182,524,084	182,524,084	190.54%	15
Frank Nominees Limited (“Frank”)	Beneficial owner	—	104,495,497	104,495,497	109.08%	16
Kleinwort Benson (“KB”)	Interest of controlled corporation	—	287,019,581	287,019,581	299.62%	15 & 16
Asia Internet Capital Ventures LP (“AICV”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	17
Asia Internet Capital Management LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
EC.com Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
Smart Channel Investments Inc.	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
MKT Holdings (Cayman Islands) LLC	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	17
HSBC International Trustee Limited	Trustee	—	148,659,004	148,659,004	155.18%	17
Gentfull Investment Limited (“Gentfull”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	18
Ms. Vivien Chen Wai Wai	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	18
Doutdes S.P.A. (“Doutdes”)	Beneficial owner	—	148,659,004	148,659,004	155.18%	19
UFI Filters SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	19
GGG SPA	Interest of controlled corporation	—	148,659,004	148,659,004	155.18%	19
G.G.G. S.A.	Beneficial owner	—	99,106,003	99,106,003	103.46%	20
Mr. Giorgio Girondi	Interest of controlled corporation	—	247,765,007	247,765,007	258.64%	19 & 20
UBS España, S.A. (“UBS”)	Nominee	—	128,441,377	128,441,377	134.08%	21
Ms. Angeles González Garcia	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Mr. Jorge Garcia González	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	21
Sphirantes	Nominee	—	49,553,001	49,553,001	51.73%	21
Mr. Cesar Molinas Sanz	Beneficial owner	—	17,343,550	17,343,550	18.10%	21
Duserali, S.L.	Beneficial owner	—	14,865,900	14,865,900	15.52%	21
Mr. Antonio Del Cano Barbón	Interest of controlled corporation	—	14,865,900	14,865,900	15.52%	21
Mr. Ramón Suarez Beltrán	Beneficial owner	—	9,910,600	9,910,600	10.35%	21

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Mr. Ricardo Sanz Ferrer	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
Mr. Miguel Orúe-Echeverria	Beneficial owner	—	9,910,600	9,910,600	10.35%	21
ALCO Beteiligungsgesellschaft mbH (“ALCO”)	Beneficial owner	—	122,513,089	122,513,089	127.89%	22
Albert Büll Kommanditgesellschaft (“ABK”)	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	22
Mr. Albert Henri Karl Büll	Interest of controlled corporation	—	122,513,089	122,513,089	127.89%	22
Wittelsbacher Ausgleichsfonds	Beneficial owner	—	122,513,089	122,513,089	127.89%	
Timeless	Beneficial owner	—	99,106,003	99,106,003	103.46%	23
Kenthomas Company Limited	Nominee	—	99,106,003	99,106,003	103.46%	23
North Asia Strategic Acquisition Corp. 2 (“NASAC 2”)	Beneficial owner	—	98,502,618	98,502,618	102.83%	24
KKR Group Investments II LLC (“KKR”)	Beneficial owner	—	89,080,460	89,080,460	92.99%	25
Mr. George Rosenberg Roberts	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	25
Mr. Henry Roberts Kravis	Interest of controlled corporation	—	89,080,460	89,080,460	92.99%	25
GAUD Holding B.V. (“GAUD”)	Beneficial owner	—	81,675,393	81,675,393	85.26%	26
Ms. Dorothée Emma Margareta Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26
Ms. Sabine Marie Antoinette Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26
Ms. Anna Petra Elisabeth Goldschmeding	Interest of controlled corporation	—	81,675,393	81,675,393	85.26%	26

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
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%	27
Mr. Jan van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	27
Latoer Holding B.V. (“Latoer”)	Beneficial owner	—	68,062,822	68,062,822	71.05%	28
Mr. Roderik Johannes Rolanda van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	28
NUI Holding B.V. (“NUI”)	Beneficial owner	—	68,062,822	68,062,822	71.05%	29
Mr. Patrick Jolyon van Seumeren	Interest of controlled corporation	—	68,062,822	68,062,822	71.05%	29
North Asia Strategic Acquisition Corp. 3 (“NASAC 3”)	Beneficial owner	—	58,210,000	58,210,000	60.77%	30
Rawlco Capital Ltd. (“Rawlco”)	Beneficial owner	—	49,553,001	49,553,001	51.73%	31
Mr. Gordon Stanley Rawlinson	Interest of controlled corporation	—	49,553,001	49,553,001	51.73%	31
Fides Management Services Limited (“Fides”)	Nominee	—	57,172,775	57,172,775	59.68%	32
Mr. Willem Auke Hekstra	Beneficial owner	—	16,335,079	16,335,079	17.05%	32
Clover Three Investments Ltd. (“Clover”)	Beneficial owner	—	10,209,424	10,209,424	10.66%	32
Mr. Jan de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	32
Mr. Pieter de Marez Oijens	Interest of controlled corporation	—	10,209,424	10,209,424	10.66%	32

## Other persons (interests related to preference shareholders)

Name	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate % of shareholdings <sup>(d)</sup>	Note
Mr. Christopher McLeod	Beneficial owner	—	8,167,540	8,167,540	8.53%	32
Mr. Menno de Kuyer	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. Martijn Sven van der Veen	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. David Flemming	Beneficial owner	—	6,125,654	6,125,654	6.39%	32
Mr. Fernando Rueda Sabater	Beneficial owner	—	7,432,950	7,432,950	7.76%	21
Mr. Richardo de Ponga Bianco	Beneficial owner	—	5,946,360	5,946,360	6.21%	21

### Notes:

- Mr. Tsang was 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.
- These 509,400 shares were directly held by Oboe Development Trading Limited, which was wholly owned by Mr. Tsang.
- Mr. Tsang was deemed to be interested in 148,659,004 underlying shares by virtue of his being a founder of a discretionary trust, the trustee of which was HSBC International Trustee Limited (“HSBC Trustee”). HSBC Trustee, through its controlling interests in Asia Internet Capital Management LLC which acted as the investment manager of AICV, was deemed to be interested in 148,659,004 underlying shares. These 148,659,004 underlying shares are the same underlying shares referred to in note 17 below. Mr. Tsang was therefore deemed, under the SFO, to be interested in an aggregate of 208,248,863 shares.
- 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.
- 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.
- 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.
- 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.



8. 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.
9. These underlying shares were held by Woori, a company controlled by Woori Finance Holdings Co., Ltd.
10. These underlying shares were held by Oikos, a company controlled by Walkers SPV Limited.
11. 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.
12. 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.
13. 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.
14. These underlying shares were held by Chevalier, a company 55.52% 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.
15. 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.
16. 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.
17. These underlying shares were held by AICV which was managed by Asia Internet Capital Management LLC, a company 99% controlled by EC.com Inc.. HSBC Trustee was deemed to have interests in these underlying shares through its direct wholly-owned subsidiary MKT Holdings (Cayman Islands) LLC and its indirect wholly-owned subsidiary Smart Channel Investments Inc.. Smart Channel Investments Inc. had 48.66% controlling interests in EC.com Inc.. 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 AICV. These underlying shares are the same underlying shares referred to in note 3 above.
18. 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.
19. 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.
20. 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.

21. These underlying shares were held by UBS. Of these underlying shares, 49,553,001 underlying shares were held by Sphirantes, a company controlled by Ms. Angeles González Garcia and Mr. Jorge Garcia González; 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. Richardo de Ponga Bianco.
22. 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.
23. These underlying shares were held by Timeless, a company controlled by Mr. Cho through Kenthomas Company Limited. 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 2 under “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” above.
24. 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.
25. 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.
26. These underlying shares were held by GAUD, a company controlled by Ms. Dorothee 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.
27. 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.
28. 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.
29. 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.
30. 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.
31. 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.

32. These underlying shares were held by Fides and beneficially owned by Mr. Willem Auke Hekstra, Clover, Mr. Christopher McLeod, Mr. Menno de Kuyer, Mr. Martijn Sven van der Veen, Mr. David Flemming and Mr. David Koker respectively. Clover was controlled by Messrs. Jan de Marez Oijens and Pieter de Marez Oijens. Accordingly, both were taken to be interested in these 10,209,424 underlying shares under the SFO by virtue of their interests in Clover.

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 30th June 2008.

## **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 30th June 2008, 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 30th June 2008, no share options have been granted pursuant to the Best Creation Scheme.

## **COMPETING INTERESTS**

As at 30th June 2008, 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 balance sheet as at 30th June 2008 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 the GEM Listing Rules:

	<i>HK\$'000</i>
Non-current assets	125,493
Inventories	413,457
Cash and bank balances	56,145
Other current assets	300,232
Bank borrowings	(246,058)
Other current liabilities	(267,686)
Non-current liabilities	(8,163)
	<hr/>
Net assets	<u>373,420</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 three months ended 30th June 2008.

## 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 three months ended 30th June 2008.

## 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.

Under the terms of reference which are aligned with the code provisions set out in the Code contained in the GEM Listing Rules, 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 financial information for the three months ended 30th June 2008 of the Company now reported on have been reviewed by the audit committee.

On behalf of the Board  
**North Asia Strategic Holdings Limited**  
**Savio Chow Sing Nam**  
*Executive Director and Chief Executive Officer*

Hong Kong, 12th August 2008

*As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Göran Sture Malm (Chairman) and Mr. Savio Chow Sing Nam (Chief Executive Officer); two Non-executive Directors, namely Mr. Andrew Yao Cho Fai and Mr. Takeshi Kadota; 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 “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website at [www.nasholdings.com](http://www.nasholdings.com).*