

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

## 北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8080)**

### FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2010

#### 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.

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors” or the “Board”) of North Asia Strategic Holdings Limited 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

## FINANCIAL HIGHLIGHTS

The following is a summary of the consolidated financial statements of North Asia Strategic Holdings Limited (the “Company” or “NAS”), its subsidiaries and jointly-controlled entities (collectively the “Group” or “NAS Group”) for the respective years as hereunder stated.

### CONDENSED CONSOLIDATED INCOME STATEMENT

	For the year ended 31st March				
	2010	2009	2008	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	<u>3,167,965</u>	<u>2,229,529</u>	<u>1,269,676</u>	<u>559,327</u>	<u>359,948</u>
Profit/(loss) before income tax	<b>34,070</b>	(159,499)	(87,636)	69,736	(16,995)
Income tax (expense)/credit	<u>(17,834)</u>	<u>23,371</u>	<u>15,036</u>	<u>(2,989)</u>	<u>5,007</u>
Profit/(loss) after income tax but before minority interests	<b>16,236</b>	(136,128)	(72,600)	66,747	(11,988)
Minority interests	<u>475</u>	<u>35</u>	<u>10</u>	<u>—</u>	<u>—</u>
Profit/(loss) attributable to the owners of the Company	<u><b>16,711</b></u>	<u>(136,093)</u>	<u>(72,590)</u>	<u>66,747</u>	<u>(11,988)</u>

*Note:*

*No dividends have been paid or declared by the Company since its incorporation.*

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>As at 31st March</b>				
	<b>2010</b>	2009	2008	2007	2006
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	<b>704,313</b>	560,213	64,606	36,014	478
Investment properties	<b>2,183</b>	2,257	2,288	2,206	—
Leasehold land and land use rights	<b>20,835</b>	21,684	19,235	11,869	—
Intangible assets	<b>582,049</b>	583,161	419,647	432,279	6
Subscription receivables	—	13,000	940,429	282,211	765,545
Available-for-sale financial assets	<b>3,008</b>	1,357	3,481	—	—
Deferred tax assets	<b>28,550</b>	18,810	12,444	—	—
Other non-current assets	<b>12,416</b>	20,972	3,307	—	—
Other current assets	<b>1,834,181</b>	1,593,267	1,185,218	929,641	339,161
Current liabilities	<b>(1,038,775)</b>	(716,327)	(490,462)	(440,297)	(40,953)
Non-current liabilities	<b>(138,588)</b>	(167,879)	(27,861)	(22,583)	(14,642)
Net assets	<b><u>2,010,172</u></b>	<u>1,930,515</u>	<u>2,132,332</u>	<u>1,231,340</u>	<u>1,049,595</u>
<b>Equity</b>					
Share capital	<b>135,968</b>	134,691	134,691	82,718	74,790
Other reserves	<b>2,010,137</b>	1,947,614	2,023,492	1,103,559	996,489
(Accumulated losses)/retained profits	<b><u>(139,170)</u></b>	<u>(155,228)</u>	<u>(27,527)</u>	<u>45,063</u>	<u>(21,684)</u>
Shareholders' equity	<b>2,006,935</b>	1,927,077	2,130,656	1,231,340	1,049,595
Minority interests	<b><u>3,237</u></b>	<u>3,438</u>	<u>1,676</u>	<u>—</u>	<u>—</u>
	<b><u>2,010,172</u></b>	<u>1,930,515</u>	<u>2,132,332</u>	<u>1,231,340</u>	<u>1,049,595</u>

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I hereby present the consolidated results of North Asia Strategic Holdings Limited (the "Company" or "NAS"), its subsidiaries and jointly-controlled entities (collectively the "Group" or "NAS Group") for the year ended 31st March 2010 (the "year"). This was a challenging year for the Group's portfolio companies with the global downturn affecting many of our customers and markets we serve. With the rebounding economy and with actions taken by management on the sales and cost side, the Group recorded an increase in sales from approximately HK\$2.2 billion last year to approximately HK\$3.2 billion for the year and incurred a net profit of approximately HK\$16.7 million on revenue. The key factors in business performance and growth for the year are as follows:

- Increase in sales from our share of the full year revenue from TK Chemical Corporation ("TKC"), the 33.74% jointly-controlled entity in Korea acquired by the Group on 30th June 2008
- Increase in sales from our hi-tech distribution business due to the moderate rebound of the demand for surface mount technology ("SMT") machinery in China, India and Vietnam
- Significant rebound of the demand and market price of brown fishmeal due to increase in demand from the aquaculture industry in China and limited supply of global brown fishmeal
- Start-up costs associated with ten new store openings in our branded food business in Hong Kong
- Active management actions taken to streamline operations, improve efficiency and reduce costs across our businesses

Our management is focused on continuing its sales and earnings improvement trend in the coming year.

### Outlook

Although the global economy has not fully stabilised and we continue to monitor the risks to the business, we are continuing to see strengthening of customer demand.

- Demand has continued to improve in the fish oil processing business and its market price has increased. However, we expect a seasonal dip in pricing of brown fishmeal in the first quarter of the fiscal year ended 31st March 2011
- Electronics manufacturing market in China, India and Vietnam has continued to improve with strong orders from multi-national corporations and local customers in China

- Demand and pricing for man-made fibers have stabilised although the risk of renewed capacity exists from China with economic return
- Expect demand to improve for our branded food business with improving economy and increasing scale of our presence, focus to execute plans to accelerate financial performance improvement

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**

With the conditional agreement to sell 33.74% equity stake of North Asia Strategic (Singapore) Pte. Ltd. (“NASS”), the Company’s wholly-owned subsidiary, in TKC, as disclosed in the Company’s announcement dated 4th May 2010, the Company is in a good position to take advantage of investment opportunities. We are evaluating potential investments to complement and augment our existing portfolio 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.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our worldwide suppliers, customers and banks for their trust and support in our products, services and business throughout the year. I also wish to take this opportunity to offer my appreciation to our shareholders for their confidence in our Group, as well as our staff for their hard works, dedication and continuous commitment to excellence.

**Göran Sture Malm**  
*Chairman*

Hong Kong, 10th June 2010

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial and Business Performance**

From actions taken during the downturn and improvement in the economy, our business had increasing turnover and profits in the year. Our management teams' focus on actively capturing available sales, reducing costs and closely managing the risks from the economy has resulted in our portfolio companies increasing their leadership positions in the market during the economic recovery. With improving business outlook, the management teams are accelerating strategic growth plans that were in execution before the downturn to increase and realise Company and shareholder value.

For the year, the Group recorded a consolidated revenue of approximately HK\$3,167,965,000, representing approximately 42.1% increase from the year before. At the same time the Group recorded a consolidated profit of approximately HK\$16,711,000 in the year versus a loss of approximately HK\$136,093,000 last year. The increase in sales resulted from rebound of demand in our hi-tech distribution and services division, fishmeal and seafood product division and chemical operation division as well as the addition of 10 new stores to our start-up branded food division. Coupled with management actions taken to streamline operations and improve efficiency, three of the four business divisions were profitable this year with the start-up branded food division narrowing its loss per store with increasing scale.

The profit/loss figures of each major business division disclosed below do not include any intra-group charges, as they are eliminated upon consolidation.

### **Fishmeal and Seafood Product Division**

During the year, there was a 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. This benefited the core fishmeal trading business of our 40% jointly-controlled fishmeal and seafood product division conducted through Coland Group Limited ("Coland") and resulted in our share in its revenue of approximately HK\$526,413,000 for the year with a net profit of approximately HK\$24,159,000, versus revenue of approximately HK\$430,887,000 and loss of approximately HK\$4,078,000 in last year. Coland continues to implement smaller lot purchases and improve inventory management by analysis of near term supply and demand data.

Our expansion and diversification into value adding and higher margin businesses continues full stream. Our fish oil process business is a leader in quality and supply capability and Coland has one of the largest fish oil processing capabilities in Asia today. Our feed business and joint venture with Nosan Corporation ("Nosan") is exploring new products and customers. Our fillet and crayfish processing factory in Wuhan which started operation in September 2009 has obtained the regulatory certificates for export to the US market and Europe market in the year.

Going forward, we expect the demand for fishmeal and seafood products will continue to grow with our increasing market access (i.e. US and Europe) and increasing demand for seafood products by consumers. We expect a seasonal dip in demand in the first quarter of the fiscal year ended 31st March 2011 for brown fishmeal but strong demand for fish oil to continue.

Our management team is focused on the following areas, especially with the ramp up of our new valued added businesses:

- Continue to monitor the global supply and demand for the fishmeal business and closely manage inventory
- Expand our feed processing capacity to take advantage of growing demand and our joint venture with Nosan
- Build on our processing capability in our fish oil business
- Grow our customer base in US and Europe for our new fillet business

### **Hi-Tech Distribution and Services Division**

After the dramatic decline of sales across the globe during the downturn, customer demand has continued to improve. With improving customer orders and management actions taken on cost control and operation efficiency, this division recorded revenue of approximately HK\$775,870,000 and a net profit of approximately HK\$10,708,000 for the year, versus a revenue of approximately HK\$564,612,000 and a net loss of approximately HK\$50,021,000 in last year. During the recession, we have established a stronger position in the sector as a leader in the distribution and service of SMT machinery in China, Vietnam and India.

The consumers' sentiment continues to improve after year end with increasing demand from global accounts as global electronics manufacturing companies are increasing capacities with a rapid rate. We expect the financial improvement of the division to continue in the coming months.

Our management team is focused on the following areas to further build on our great distribution and sales capability in China, Vietnam and India which serves majority of leading manufacturing customers in hi-tech industry in the world.

- Continue to strengthen and consolidate our leading position in our market sector
- Reaccelerate our strategic growth plans in services/solutions, new products and complementary segments
- Continue to monitor and manage our costs as we grow
- Invest in our internal processes to enhance our support to our customers and suppliers

## **Chemical operation division**

For our chemical operation division conducted through TKC, we shared 33.74% of its revenue of approximately HK\$1,754,983,000 with net profit of approximately HK\$80,442,000 for the year, versus our share of its 9-month post-acquisition revenue of approximately HK\$1,202,512,000 with net loss of approximately HK\$29,258,000. During the year, demand and pricing improved across its product lines and TKC has successfully continued its restructuring plan and reducing debt load from KRW152 billion at time of our acquisition to KRW69 billion at end of the year.

As disclosed in the Company's announcement dated 4th May 2010 (the "Announcement"), NASS entered into a conditional agreement to sell its 33.74% equity stake in TKC at a consideration of KRW77 billion (equivalent to approximately HK\$545.9 million as disclosed in the Announcement) on 30th April 2010. The Board believes that the disposal provides a good opportunity to realise the value that has been created in TKC, provides certainty and acceleration with respect to the Group's exit and return, as well as helps minimising the Company's risk exposure to the high volatility of the Korean stock market and exchange rate of Korean won against other major currencies. As of the date of this announcement, NASS has received an initial payment of KRW7.7 billion (equivalent to approximately HK\$54.6 million and 10% of the consideration as disclosed in the Announcement) from the purchaser pursuant to the agreement. Closing is expected to take place latest by 15th July 2010, subject to NAS shareholders' approval.

## **Branded food division**

Our start-up business, the branded food division, gained good momentum with increase of restaurants from 5 to 15 in Hong Kong by the year end. As of the date of this announcement, we have opened 15 restaurants in renowned tourist spots, commercial districts and residential districts in Hong Kong, including Tsim Sha Tsui, Wanchai, Mongkok, Fortress Hill, Hunghom, Shatin, Causeway Bay, Admiralty, Tsuen Wan, Wong Tai Sin, Sheung Shui, Tseung Kwan O and Tsz Wan Shan. We have also won a number of awards in Hong Kong as one of the best quick service restaurants in the city.

The division recorded a revenue of approximately HK\$110,699,000 with loss of approximately HK\$28,513,000 for the year, versus a revenue of approximately HK\$31,518,000 and loss of approximately HK\$16,489,000 in last year. The increase in net loss was attributable to the start-up costs associated with 10 new restaurants opened in Hong Kong during the year. With the improved economies of scale and increasing presence in the Hong Kong market arising from increased number of our restaurants and management actions taken to streamline operations and managing efficiency, net loss per restaurant was significantly reduced by approximately 42.4% in the year over last year.

With increasing presence in the market with superior products and brand promotions, we expect the financial improvement of the division to continue in the coming months.

Our management team is focused in the following areas to grow our restaurant business.



- Continue to add restaurants in attractive locations to increase our serving presence and scale
- Work innovative marketing programs to capture new customers and increase brand loyalty
- Closely monitor costs and realise cost efficiencies from increasing scale
- Insure top product quality to continue to have top review and awards from our customers

### **Financial Resources, Liquidity and Charges on Assets**

As at 31st March 2010, NAS Group had bank and cash balances of approximately HK\$1,217,562,000 (2009: HK\$1,122,135,000), of which approximately HK\$84,381,000 (2009: HK\$58,552,000) was pledged to secure trade financing facilities of approximately HK\$1,172,268,000 (2009: HK\$924,365,000) granted by banks to its Group companies for trust receipts loans, mortgage loans and bank borrowings. These banking facilities were also secured by (a) bank deposits, (b) corporate guarantees provided by NAS, and guarantee from the Government of the HKSAR, (c) the Group's inventories held under trust receipts bank loan arrangement, (d) land and buildings, (e) investment properties, (f) leasehold land and prepaid land, and (g) discounted bills receivable with recourse.

As at 31st March 2010, NAS Group had borrowings of approximately HK\$387,475,000 (2009: HK\$437,296,000). The gearing ratio (sum of borrowings and convertible bonds divided by equity attributable to owners of the Company) of the Group was 0.19 as at 31st March 2010, as compared to 0.24 as at 31st March 2009.

### **Significant Investments Held and Material Acquisition and Disposals of Investments and Subsidiaries**

As at 31st March 2010, the Group had no significant investments. There were no material acquisitions or disposals of investments and subsidiaries during the year.

### **Foreign Currency Exposure**

The businesses of the Group were primarily transacted in HK\$, US\$, Euro, Yen, KRW and Renminbi. The Group's cash and bank deposits, including pledged bank deposits, were mainly denominated in HK\$. The foreign currency exposure of the Group is mainly driven by its business divisions.

The Group attempts to minimise its foreign currency exposure through (i) matching its payables for purchases against its receivables on sales, and (ii) maintain sufficient foreign currency cash balances to settle the foreign currency payables. We will continue to monitor closely the exchange rate between US\$ and Yen and will make necessary hedging arrangements to minimise its foreign currency exposure arising from foreign currency fluctuation in the future.

## **Contingent Liabilities**

As at 31st March 2010, the Company had provided guarantees of approximately HK\$518,068,000 (2009: HK\$356,460,000) with respect to banking facilities made available to its subsidiaries and jointly-controlled entities.

## **Number of Employees and Remuneration Policies**

As at 31st March 2010, NAS Group employed 1,299 (2009:1,100) staff. Salaries and annual bonuses are determined according to positions and performance of the employees. Remuneration policies are reviewed annually by the management and remuneration packages are structured to take into account the comparable level of the market. The Group provides on-the-job training and training subsidies to its employees in addition to pension schemes and medical insurance. Total staff costs including contribution to retirement benefit schemes incurred during the year under review amounted to approximately HK\$211,342,000 (2009: HK\$148,700,000).

## CONSOLIDATED INCOME STATEMENT

		For the year ended	
		31st March	
		2010	2009
	Notes	HK\$'000	HK\$'000
			(Restated)
Revenue	3	3,167,965	2,229,529
Cost of sales		<u>(2,767,621)</u>	<u>(2,009,191)</u>
Gross profit		400,344	220,338
Other income and gains — net	9	45,984	8,669
Selling and distribution expenses		(210,980)	(142,992)
General and administrative expenses		<u>(166,375)</u>	<u>(250,116)</u>
Operating profit/(loss)		68,973	(164,101)
Finance income	10	6,016	46,518
Finance costs	10	<u>(40,919)</u>	<u>(41,916)</u>
Profit/(loss) before income tax	11	34,070	(159,499)
Income tax (expense)/credit	12	<u>(17,834)</u>	<u>23,371</u>
Profit/(loss) for the year		<u><u>16,236</u></u>	<u><u>(136,128)</u></u>
Profit/(loss) for the year attributable to:			
— Owners of the Company		16,711	(136,093)
— Minority interests		<u>(475)</u>	<u>(35)</u>
		<u><u>16,236</u></u>	<u><u>(136,128)</u></u>
Earnings/(loss) per share attributable to owners of the Company	13		
— Basic ( <i>HK cents</i> )		1.31	(142.07)
— Diluted ( <i>HK cents</i> )		<u>1.31</u>	<u>(142.07)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended	
	31st March	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the year	<u>16,236</u>	<u>(136,128)</u>
Other comprehensive income/(loss):		
Changes in fair value of available-for-sale financial assets	1,575	193
Actuarial (loss)/gain on post employment benefit obligations	(653)	5,692
Disposal of subsidiaries	—	(1,055)
Currency translation differences	<u>50,509</u>	<u>(72,316)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>51,431</u>	<u>(67,486)</u>
Total comprehensive income/(loss) for the year	<u><u>67,667</u></u>	<u><u>(203,614)</u></u>
Attributable to:		
— Owners of the Company	68,142	(203,579)
— Minority interests	<u>(475)</u>	<u>(35)</u>
Total comprehensive income/(loss) for the year	<u><u>67,667</u></u>	<u><u>(203,614)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31st March	
		2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		704,313	560,213
Investment properties		2,183	2,257
Leasehold land and land use rights		20,835	21,684
Intangible assets		582,049	583,161
Available-for-sale financial assets		3,008	1,357
Deferred tax assets		28,550	18,810
Other non-current assets		12,416	20,972
		<u>1,353,354</u>	<u>1,208,454</u>
<b>Current assets</b>			
Inventories		231,220	265,690
Trade and other receivables	4	385,399	199,008
Subscription receivables		—	13,000
Non-current assets held for sale		—	6,264
Current income tax recoverable		—	170
Pledged bank deposits		84,381	58,552
Cash and cash equivalents		1,133,181	1,063,583
		<u>1,834,181</u>	<u>1,606,267</u>
<b>Total assets</b>		<u><b>3,187,535</b></u>	<u><b>2,814,721</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company:</b>			
Share capital	7	135,968	134,691
Reserves	8	1,870,967	1,792,386
		<u>2,006,935</u>	<u>1,927,077</u>
Minority interests		3,237	3,438
<b>Total equity</b>		<u><b>2,010,172</b></u>	<u><b>1,930,515</b></u>

		<b>As at 31st March</b>	
		<b>2010</b>	2009
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings		<b>336,807</b>	361,357
Trade and other payables	5	<b>681,453</b>	351,703
Derivative financial instruments		<b>189</b>	—
Current income tax liabilities		<b>20,326</b>	3,267
		<u><b>1,038,775</b></u>	<u>716,327</u>
<b>Non-current liabilities</b>			
Borrowings		<b>50,668</b>	75,939
Convertible bonds	6	—	18,267
Deferred tax liabilities		<b>14,493</b>	13,792
Retirement benefits obligation		<b>62,834</b>	48,926
Derivative financial instruments		<b>6,900</b>	9,069
Other non-current liabilities		<b>3,693</b>	1,886
		<u><b>138,588</b></u>	<u>167,879</u>
<b>Total liabilities</b>		<u><b>1,177,363</b></u>	<u>884,206</u>
<b>Total equity and liabilities</b>		<u><b>3,187,535</b></u>	<u>2,814,721</u>
<b>Net current assets</b>		<u><b>795,406</b></u>	<u>889,940</u>
<b>Total assets less current liabilities</b>		<u><b>2,148,760</b></u>	<u>2,098,394</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company			Minority interests	Total HK\$'000
		Share capital HK\$'000	Reserves HK\$'000	Sub-total HK\$'000	HK\$'000	
Balances at 1st April 2008		134,691	1,995,965	2,130,656	1,676	2,132,332
<b>Comprehensive loss</b>						
Loss for the year		—	(136,093)	(136,093)	(35)	(136,128)
<b>Other comprehensive income/(loss)</b>						
Changes in fair value of available-for-sale financial assets	8	—	193	193	—	193
Actuarial gain from pension	8	—	5,692	5,692	—	5,692
Disposal of subsidiaries	8	—	(1,055)	(1,055)	—	(1,055)
Currency translation differences	8	—	(72,316)	(72,316)	—	(72,316)
<b>Total comprehensive loss</b>		—	(203,579)	(203,579)	(35)	(203,614)
Capital contribution from minority interests		—	—	—	1,797	1,797
Balances at 31st March 2009 and at 1st April 2009		134,691	1,792,386	1,927,077	3,438	1,930,515
<b>Comprehensive income/(loss)</b>						
Profit/(loss) for the year		—	3,770	3,770	(475)	3,295
<b>Other comprehensive income/(loss)</b>						
Changes in fair value of available-for-sale financial assets	8	—	1,575	1,575	—	1,575
Actuarial loss from pension	8	—	(653)	(653)	—	(653)
Currency translation differences	8	—	50,509	50,509	—	50,509
<b>Total comprehensive income/(loss)</b>		—	55,201	55,201	(475)	54,726
<b>Transactions with owners</b>						
Disposal of treasury shares	8	—	4,657	4,657	—	4,657
Conversion of convertible bonds	8	1,277	18,723	20,000	—	20,000
<b>Total transactions with owners</b>		1,277	23,380	24,657	—	24,657
Capital contribution from minority interests		—	—	—	274	274
Balances at 31st March 2010		135,968	1,870,967	2,006,935	3,237	2,010,172

## NOTES TO FINANCIAL STATEMENTS

### 1. General information

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

- 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 and sale 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.

These financial statements are presented in thousand of Hong Kong dollars, unless otherwise stated.

These financial statements have been approved for issue by the Company’s Board of Directors on 10th June 2010.

### 2. Accounting policies and methods of computation

These financial statements have been prepared in accordance with 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 (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale financial assets and derivative financial instruments, which have been measured at fair value.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are the same as those used in the audited financial statements for the year ended 31st March 2009, except in relation to the changes in accounting policy and disclosure and accounting estimates as detailed below.



## 2.1 Changes in accounting policy and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>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 Payment — 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 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue — Determining whether an entity is acting as a principal or as an agent</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>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement — Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

\* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

### (a) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3.2 below.

(b) *HKAS 1 (Revised) Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The Group has not early adopted the amendments, new standards and interpretations issued by HKICPA that are not yet effective for year ended 31st March 2010, and is in the process of assessing their impact on future accounting periods.

### 3. Turnover, revenue and segment information

#### 3.1 *Turnover and revenue*

Turnover represents sales of goods, revenue from branded food operation, commission and other income. The amounts of each category of revenue recognised during the year are as follows:

	<b>For the year ended 31st March</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Sales of goods	<b>3,042,277</b>	2,181,527
Revenue from branded food operation	<b>110,699</b>	31,518
Commission and other income	<b>14,989</b>	16,484
	<b><u>3,167,965</u></b>	<b><u>2,229,529</u></b>

#### 3.2 *Operating segment information*

For management purpose, the Group, including its jointly-controlled entities, is organised into four major reportable operating segments — hi-tech distribution and services, fishmeal and seafood product, branded food and chemical operations. The hi-tech distribution and services, fishmeal and seafood product, and chemical operations segments derive revenue from the sale of goods. Branded food operation segment derives revenue from Burger King restaurants through the operation of quick service restaurants in Hong Kong under the Burger King brand.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before income tax. The adjusted profit/(loss) before income tax is measured consistently with the Group's profit/(loss) before income tax except that finance income, finance costs, options liability as well as head office and corporate expenses are excluded from such measurement.

Segment assets consist primarily of property, plant and equipment, investment properties, leasehold land and land use rights, intangible assets, subscription receivables, non-current deposits, inventories, trade and other receivables and non-current assets held for sale. Unallocated assets comprise deferred tax assets, current income tax recoverable, pledged bank deposits, available-for-sale financial assets, cash and cash equivalents.

Segment liabilities consist primarily of trade and other payables, severance and retirement benefits, provision for reinstatement cost, and other non-current liabilities. Unallocated liabilities comprise deferred tax liabilities, current income tax liabilities, borrowings, convertible bonds and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment, leasehold land and land use rights, and intangible assets, including additions resulting from acquisition of a jointly-controlled entity.

	For the year ended 31st March 2010				
	Hi-tech distribution and services operation <i>HK\$'000</i>	Fishmeal and seafood product operation <i>HK\$'000</i>	Branded food operation <i>HK\$'000</i>	Chemical operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
— Sales to external customers	<u>775,870</u>	<u>526,413</u>	<u>110,699</u>	<u>1,754,983</u>	<u>3,167,965</u>
Segment results before amortisation of intangible assets	16,281	35,262	(34,537)	131,881	148,887
Amortisation of intangible assets	<u>(6,953)</u>	<u>(2,648)</u>	<u>(430)</u>	<u>(10,720)</u>	<u>(20,751)</u>
Segment results	<u>9,328</u>	<u>32,614</u>	<u>(34,967)</u>	<u>121,161</u>	128,136
Fair value gains on options liability					3,816
Finance income					6,016
Finance costs					(40,919)
Corporate and other unallocated expenses					<u>(62,979)</u>
Profit before income tax					34,070
Income tax expense					<u>(17,834)</u>
Profit for the year					<u>16,236</u>
Capital expenditure	514	31,564	37,068	7,451	76,597
Corporate and other unallocated capital expenditure					<u>317</u>
					<u>76,914</u>
Depreciation	9,568	3,512	10,209	41,343	64,632
Corporate and other unallocated depreciation					<u>130</u>
					<u>64,762</u>
Amortisation	6,953	3,179	430	10,720	21,282
Write-down/(write-back) of inventories to net realisable value, net	5,794	7,715	—	(559)	12,950
Provision for impairment of receivables	<u>2,089</u>	<u>3,340</u>	<u>—</u>	<u>463</u>	<u>5,892</u>

	For the year ended 31st March 2009				
	Hi-tech distribution and services operation <i>HK\$'000</i>	Fishmeal and seafood product operation <i>HK\$'000</i>	Branded food operation <i>HK\$'000</i>	Chemical operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
— Sales to external customers	<u>564,612</u>	<u>430,887</u>	<u>31,518</u>	<u>1,202,512</u>	<u>2,229,529</u>
Segment results before amortisation of intangible assets	(35,916)	(4,002)	(19,887)	(17,229)	(77,034)
Amortisation of intangible assets	<u>(11,920)</u>	<u>(2,648)</u>	<u>(241)</u>	<u>(7,744)</u>	<u>(22,553)</u>
Segment results	<u>(47,836)</u>	<u>(6,650)</u>	<u>(20,128)</u>	<u>(24,973)</u>	(99,587)
Fair value gains on options liability					4,924
Finance income					46,518
Finance costs					(41,916)
Corporate and other unallocated expenses					<u>(69,438)</u>
Loss before income tax					(159,499)
Income tax credit					<u>23,371</u>
Loss for the year					<u>(136,128)</u>
Capital expenditure	1,531	15,757	26,554	385,297	429,139
Corporate and other unallocated capital expenditure					<u>63</u>
					<u>429,202</u>
Depreciation	4,471	2,389	2,774	29,865	39,499
Corporate and other unallocated depreciation					<u>59</u>
					<u>39,558</u>
Amortisation	11,920	3,107	241	7,744	23,012
Write-down/(write-back) of inventories to net realisable value, net	14,408	(3,007)	—	102	11,503
Provision for impairment of receivables	<u>1,286</u>	<u>1,706</u>	<u>3,767</u>	<u>—</u>	<u>6,759</u>

	Hi-tech distribution and services operation <i>HK\$'000</i>	Fishmeal and seafood product operation <i>HK\$'000</i>	Branded food operation <i>HK\$'000</i>	Chemical operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31st March 2010</b>					
<b>Assets</b>					
Segment assets	608,938	321,664	70,382	934,891	1,935,875
<b>Unallocated assets:</b>					
Deferred tax assets					28,550
Cash and cash equivalents					1,133,181
Pledged bank deposits					84,381
Available-for-sale financial assets					3,008
Corporate and others					2,540
<b>Total assets per statement of financial position</b>					<b><u>3,187,535</u></b>
<b>Liabilities</b>					
Segment liabilities	262,738	98,269	22,442	362,496	745,945
<b>Unallocated liabilities:</b>					
Deferred tax liabilities					14,493
Current income tax liabilities					20,326
Borrowings					387,475
Derivative financial instruments					7,089
Corporate and others					2,035
<b>Total liabilities per statement of financial position</b>					<b><u>1,177,363</u></b>
<b>As at 31st March 2009</b>					
<b>Assets</b>					
Segment assets	499,841	311,262	43,263	803,902	1,658,268
<b>Unallocated assets:</b>					
Deferred tax assets					18,810
Current income tax recoverable					170
Cash and cash equivalents					1,063,583
Pledged bank deposits					58,552
Available-for-sale financial assets					1,357
Corporate and others					13,981
<b>Total assets per statement of financial position</b>					<b><u>2,814,721</u></b>
<b>Liabilities</b>					
Segment liabilities	49,534	101,678	22,185	225,580	398,977
<b>Unallocated liabilities:</b>					
Deferred tax liabilities					13,792
Current income tax liabilities					3,267
Borrowings					437,296
Convertible bonds					18,267
Derivative financial instruments					9,069
Corporate and others					3,538
<b>Total liabilities per statement of financial position</b>					<b><u>884,206</u></b>

There are no significant sales between these operating segments during the year (2009: Nil).

## *Geographical information*

### (a) Revenue from external customers

The Group's activities are conducted predominantly in Hong Kong, Mainland China and the Republic of Korea. Revenue by geographical location is determined on the basis of the destination of shipment of goods for hi-tech distribution and services, fishmeal and seafood product, and chemical products as well as the location of service performed for branded food.

The following table provides an analysis of the Group's revenue by geographical location:

	<b>For the year ended 31st March</b>	
	<b>2010</b>	<b>2009</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<b>110,699</b>	31,518
Mainland China	<b>1,278,842</b>	945,995
Republic of Korea	<b>1,338,210</b>	878,111
Asia — Others	<b>231,368</b>	207,089
Others	<b>208,846</b>	166,816
	<hr/>	<hr/>
Total revenue	<b><u>3,167,965</u></b>	<b><u>2,229,529</u></b>

### (b) Non-current assets

The non-current asset information is based on the location of assets and excludes financial instruments and deferred tax assets.

The following table provides an analysis of the Group's non-current assets by geographical location:

	<b>As at 31st March</b>	
	<b>2010</b>	<b>2009</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<b>449,336</b>	428,021
Mainland China	<b>128,089</b>	96,794
Republic of Korea	<b>743,758</b>	662,547
Asia — Others	<b>613</b>	925
	<hr/>	<hr/>
	<b><u>1,321,796</u></b>	<b><u>1,188,287</u></b>

## *Information about major customers*

For the year ended 31st March 2010, there was no single customer (2009: Nil) accounted for 10% or more of the Group's revenue.

#### 4. Trade and other receivables

	As at 31st March	
	2010 HK\$'000	2009 HK\$'000 (Restated)
Trade and bills receivables	355,415	184,485
Less: Impairment of trade receivables	<u>(20,775)</u>	<u>(15,306)</u>
Trade and bills receivables, net <i>(note (a))</i>	334,640	169,179
Prepayments	28,530	10,022
Deposits to suppliers	405	1,102
Rental deposits	3,012	1,896
Interest receivables	938	743
Finance lease receivables <i>(note (b))</i>	1,014	2,535
Other receivables	<u>16,860</u>	<u>13,531</u>
	<u><b>385,399</b></u>	<u><b>199,008</b></u>

##### *(a) Trade and bills receivables*

The Group generally requires letter of credit or documents against payment, with some cases granting a credit period of 30 to 90 days. At 31st March 2010, the aging analysis of trade and bills receivables is as follows:

	As at 31st March	
	2010 HK\$'000	2009 HK\$'000
90 days or less	301,703	131,391
91 to 180 days	27,737	17,610
181 to 270 days	2,502	5,603
271 to 365 days	914	3,384
Over 365 days	<u>1,784</u>	<u>11,191</u>
	<u><b>334,640</b></u>	<u><b>169,179</b></u>



(b) *Finance lease receivables*

	As at 31st March	
	2010	2009
	HK\$'000	HK\$'000
Finance lease receivables are analysed as follows:		
Finance leases — gross receivables	1,027	2,699
Unearned finance income	(13)	(164)
	<u>1,014</u>	<u>2,535</u>
Finance lease receivables:		
— Within 1 year	<u>1,014</u>	<u>2,535</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the trade and other receivables.

5. **Trade and other payables**

	As at 31st March	
	2010	2009
	HK\$'000	HK\$'000
Trade and bills payables ( <i>note (a)</i> )	547,847	261,466
Accrual for operating expenses	30,483	48,227
Receipts in advance	52,337	18,067
Other payables	50,786	23,943
	<u>681,453</u>	<u>351,703</u>

(a) *Trade and bills payables*

The aging analysis of trade and bills payables is as follows:

	As at 31st March	
	2010	2009
	HK\$'000	HK\$'000
90 days or less	542,042	249,528
91 to 180 days	2,087	3,521
181 to 270 days	96	853
271 to 365 days	455	2,221
Over 365 days	3,167	5,343
	<u>547,847</u>	<u>261,466</u>

## 6. Convertible bonds

In August 2005, the Company issued convertible bonds at a face value of approximately HK\$20,000,000, which were denominated in Hong Kong dollars.

The convertible bonds have a maturity date in August 2010 or can be converted into a total of approximately 127,713,920 shares in the Company, with a par value of HK\$0.01 each, at the holders' option, at HK\$0.1566 per share. In addition, the holders had the right to request the Company to redeem in whole or in part the outstanding bonds on 7th December 2007. All the convertible bonds were converted into ordinary shares on 28th February 2010.

The fair values of the liability component and the equity conversion component were determined upon issuance of the bonds. The liability component is subsequently stated at amortised cost. The fair value of the liability component was calculated using a market interest rate for a term loan offered to the Group of 8.0% per annum. The remaining amount, representing the value of the equity conversion component, is included in shareholders' equity as other reserves.

The convertible bonds recognised on the statement of financial position are calculated as follows:

	As at 31st March	
	2010	2009
	HK\$'000	HK\$'000
Face value of convertible bonds issued on 8th August 2005	20,000	20,000
Equity component	<u>(6,388)</u>	<u>(6,388)</u>
Liability component on initial recognition on 8th August 2005	13,612	13,612
Accrued interest expenses	6,388	4,655
Conversion into ordinary shares	<u>(20,000)</u>	<u>—</u>
Liability component at 31st March	<u>—</u>	<u>18,267</u>

Interest expenses on the bonds are calculated using the effective interest method by applying the effective interest rate of 8.0% per annum to the liability component.

Accrued interest expenses recognised as expenses and included in finance costs amounted to approximately HK\$1,733,000 (2009: HK\$1,277,000).

## 7. Share capital

	Ordinary shares		Preference shares		
	Number of shares '000	Ordinary share capital HK\$'000	Number of shares '000	Preference share capital HK\$'000	Total HK\$'000
Authorised:					
At 31st March 2009 and 2010	<u>40,000,000</u>	<u>400,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>700,000</u>
Analysed as —					
Ordinary shares of HK\$0.01 each	40,000,000	400,000	—	—	400,000
Preference shares of HK\$0.01 each	—	—	<u>30,000,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>40,000,000</u>	<u>400,000</u>	<u>30,000,000</u>	<u>300,000</u>	<u>700,000</u>
Issued:					
At 1st April 2008 and at 1st April 2009	95,795	958	13,373,254	133,733	134,691
Conversion of preference shares	13,373,254	133,733	(13,373,254)	(133,733)	—
Conversion of convertible bonds	<u>127,714</u>	<u>1,277</u>	<u>—</u>	<u>—</u>	<u>1,277</u>
At 31st March 2010	<u>13,596,763</u>	<u>135,968</u>	<u>—</u>	<u>—</u>	<u>135,968</u>

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. All the preference shares were converted into ordinary shares on 28th February 2010.

## 8. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Equity portion of convertible bonds <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Treasury shares <i>HK\$'000</i>	Cumulative translation adjustments <i>HK\$'000</i>	Retained profits/ (accumulated losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances at 1st April 2008	1,992,635	8,984	6,388	2,700	(193)	—	12,978	(27,527)	1,995,965
Loss for the year	—	—	—	—	—	—	—	(136,093)	(136,093)
Changes in fair value of available-for-sale financial assets	—	—	—	—	193	—	—	—	193
Actuarial gain from pension	—	—	—	—	—	—	—	5,692	5,692
Disposal of subsidiaries	—	—	—	(2,700)	—	—	(1,055)	2,700	(1,055)
Currency translation differences	—	—	—	—	—	—	(72,316)	—	(72,316)
<b>Balances at 31st March 2009 and at 1st April 2009</b>	<b>1,992,635</b>	<b>8,984</b>	<b>6,388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(60,393)</b>	<b>(155,228)</b>	<b>1,792,386</b>
Profit/(loss) for the year	—	—	—	—	—	(12,941)	—	16,711	3,770
Changes in fair value of available-for-sale financial assets	—	—	—	—	1,575	—	—	—	1,575
Actuarial loss from pension	—	—	—	—	—	—	—	(653)	(653)
Currency translation differences	—	—	—	—	—	—	50,509	—	50,509
Disposal of treasury shares	(8,284)	—	—	—	—	12,941	—	—	4,657
Conversion of convertible bonds	25,111	—	(6,388)	—	—	—	—	—	18,723
<b>Balances at 31st March 2010</b>	<b>2,009,462</b>	<b>8,984</b>	<b>—</b>	<b>—</b>	<b>1,575</b>	<b>—</b>	<b>(9,884)</b>	<b>(139,170)</b>	<b>1,870,967</b>

## 9. Other income and gains — net

	For the year ended 31st March	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Fair value gains on options liability	3,816	4,924
Gain on disposal of subsidiaries	—	1,130
Gross rental income	200	150
Net exchange gains	16,316	—
Others	25,652	2,465
	<b>45,984</b>	<b>8,669</b>

## 10. Finance income and costs

	For the year ended 31st March	
	2010	2009
	HK\$'000	HK\$'000
<b>Finance income:</b>		
Interest income from bank deposits	6,016	5,074
Amortised interest income from subscription receivables	—	41,444
	<u>6,016</u>	<u>46,518</u>
<b>Finance costs:</b>		
Interest on bank loans wholly repayable within five years	28,836	34,062
Amortisation of interest expenses	7,129	4,815
Net foreign exchange losses on financing activities	3,063	1,089
Convertible bonds redeemable within five years	1,733	1,277
Interest on finance lease obligations	158	673
	<u>40,919</u>	<u>41,916</u>

## 11. Profit/(loss) before income tax

The Group's profit/(loss) before income tax is arrived at after charging:

	For the year ended 31st March	
	2010	2009
	HK\$'000	HK\$'000
Cost of inventories sold	2,407,193	1,755,363
Depreciation of property, plant and equipment	64,686	39,482
Depreciation of investment properties	76	76
Amortisation of intangible assets	20,751	22,553
Amortisation of leasehold land and land use rights	531	459
Loss on disposal of property, plant and equipment	494	1,105

## 12. Income tax (expense)/credit

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been calculated at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year.

Subsidiaries established in the Mainland China are subject to the Mainland China enterprise income tax at the standard rate of 25% (2009: 25%). A five-year transitional period with a progressive tax rate 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 year 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 consolidated income statement represent:

	<b>For the year ended 31st March</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current taxation		
Hong Kong profits tax		
— current year	(371)	(273)
— overprovision in prior years	—	3,232
Mainland China enterprise income tax		
— current year	(1,445)	(1,016)
— overprovision in prior years	—	233
Overseas taxation	(27,790)	5
Deferred taxation	11,772	21,190
	<u>(17,834)</u>	<u>23,371</u>

### 13. Earnings/(loss) per share

#### *Basis earnings/(loss) per share*

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

	<b>For the year ended 31st March</b>	
	<b>2010</b>	<b>2009</b>
Profit/(loss) attributable to owners of the Company (HK\$'000)	<u>16,711</u>	<u>(136,093)</u>
Weighted average number of ordinary shares in issue	<u>1,279,441,293</u>	<u>95,794,716</u>
Basic earnings/(loss) per share attributable to owners of the Company (HK cents)	<u>1.31</u>	<u>(142.07)</u>

#### *Diluted earnings/(loss) per share*

Diluted earnings/(loss) per share is calculated by adjusting the 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 net loss is adjusted to eliminate the interest expense on convertible bonds less tax effect, if any. No adjustment has been made to basic loss per share presented for the year ended 31st March 2009 in respect of a dilution as the potential ordinary shares are anti-dilutive.

No adjustment has been made to the basic earnings per share presented for the year ended 31st March 2010 as all outstanding convertible bonds and non-redeemable preference shares have all been converted into ordinary shares during the year ended 31st March 2010.

#### **14. Events after the reporting period**

Disposal of the Group's interests in TKC, a jointly-controlled entity

On 30th April 2010, the Group entered into an agreement to dispose of its entire shareholding in TKC in the Republic of Korea, for a total cash consideration of KRW77 billion (approximately HK\$546 million as disclosed in the Company's announcement dated 4th May 2010) (the "Transaction"). The Transaction, subject to certain completion conditions, including regulatory approval, is targeted to be completed in July 2010. Details of the Transaction are disclosed in the Company's announcement dated 4th May 2010.

#### **15. Comparative amounts**

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

### **DIVIDENDS**

The Directors do not recommend the payment of any dividend for the year ended 31st March 2010 (2009: Nil).

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

On 28th February 2010, 25,882,000 ordinary shares of the Company were distributed to the Company's wholly-owned subsidiary American Tec Company Limited ("Amtec") by a former holder of the preference shares of the Company as a result of a settlement agreement between Amtec and an ex-employee of Amtec who was a holder of such preference shares. These distributed shares were subsequently disposed of by Amtec by 31st March 2010 to independent parties. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31st March 2010.

### **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 year ended 31st March 2010.

### **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 which are aligned with the code provisions set out in the Code contained in Appendix 15 of 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 audit committee meets the external auditors at least four times a year to discuss any area of concern during the audits or review. The audit committee reviews the quarterly, interim and annual reports before submission to the Board. Senior representatives of the external auditors, executive Directors and senior management are invited to attend the meetings, if required.

During the year, the audit committee has approved the nature and scope of the statutory audits, and reviewed the quarterly, interim and annual accounts of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

The Group's financial statements for the year ended 31st March 2010 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, 10th June 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](http://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](http://www.nasholdings.com).*